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## Rwanda Executes 22 As Genocide Planners

Thousands Applaud as Some Organizers Of Massacres in 1994 Are Shot to Death

By Stephen Buckley  
Washington Post Service

KIGALI, Rwanda — Before huge crowds of whooping, clapping people, 22 organizers of Rwanda's genocide in 1994 were executed by firing squad Friday. They were the first participants punished for the massacre of at least 500,000 people in this central African country.

Those executed were convicted of having played major roles as the Hutu ethnic majority attempted to exterminate the minority Tutsi by shooting, hacking and bludgeoning them to death over a 100-day period.

In Kigali, the capital, between 7,000 and 10,000 spectators gathered to watch the execution of four prisoners. In Nyamata, 50 kilometers (30 miles) south of the capital, members of the firing squad reportedly took at least four minutes to kill five condemned men.

The executions were carried out at five sites throughout the country despite pleas from some foreign governments, human rights groups and Pope John Paul II. All sought either postponement or amnesty.

When the Rwandan government announced plans for the executions Wednesday, it encouraged the public to attend.

Last year the government amended the law concerning executions to allow them to be held in public. But cameras and recorders were prohibited.

An hour and 15 minutes before the scheduled time of execution Friday morning, thousands in Kigali snaked toward the red-earth soccer field, framed by soothingly lush trees on surrounding hills.

Thousands more already rimmed the site, some perched in the trees. The spectators included hundreds of teenagers and children.

As the moment of execution neared, observers crammed onto the roofs of nearby buildings and settled onto faraway hillsides to watch.

An excited, almost festive, mood prevailed. The crowd surged and the police drove it back.

When the authorities arrived with the four prisoners clad in pink uniforms, the audience clapped. As the men were lashed by rope to nine-foot-high (three-meter-high) wooden posts about six feet apart, the audience cheered.

Froduald Karamira, a former businessman and politician, received especially impassioned jeers.

Mr. Karamira controlled two of Rwanda's major radio stations during the genocide. One, the notorious Radio Mille Collines, broadcast hate propaganda against the Tutsi and their sympathizers, directing the Hutu to "finish the work." He also oversaw

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Rwandans returning home Friday after the executions in Nyamata.



Sergei Kiriyenko applauding a backer in Friday's parliamentary debate.

## In Russia, Tycoons Stumble Moguls Who Rushed to Fill Power Vacuum Fail to Dictate Their Choice to 'Czar Boris'

By David Hoffman  
Washington Post Service

MOSCOW — At his wooded retreat outside Moscow, Gorky-9, President Boris Yeltsin held a private chat on March 21 with his prime minister, Viktor Chernomyrdin. The Kremlin issued a routine statement saying they had talked about financial matters. Mr. Yeltsin was recovering from another illness, still hoarse and coughing.

What was not said publicly was that after the Saturday meeting, Mr. Yeltsin exploded. He summoned his chief of staff, Valentin Yumashev, and insisted that Mr. Chernomyrdin be fired on the spot. He wanted a statement issued immediately. Mr. Yumashev persuaded him to wait until Monday because they had no replacement for Mr. Chernomyrdin, informed sources said.

Mr. Yeltsin's decision to sack his entire government that Saturday

punched a big hole in Russia's power structure. The intense, five-week contest to fill that vacuum, which climaxed Friday with confirmation of Sergei Kiriyenko as Russia's new prime minister, offered a revealing glimpse of how Russia is being ruled.

The tycoons who helped Mr. Yeltsin get re-elected in 1996 tried to rush into the breach. But they stumbled. They deployed the big guns of their media properties, but could not force Mr. Yeltsin to accept their choice of prime minister. By the end of the fight, Mr. Yeltsin appeared anxious to free himself from their backroom plotting.

The setbacks do not mean that the age of the tycoons has passed. Known in Russia as the "semibankirshina," or seven bankers, a play on words recalling

See DUMA, Page 7

## Duma Approves Yeltsin's Nominee Kiriyenko Confirmed Easily As Communists Back Down

By David Hoffman  
Washington Post Service

MOSCOW — President Boris Yeltsin prevailed over his opponents Friday and won confirmation of Sergei Kiriyenko, 35, to be the third Russian prime minister since the collapse of the Soviet Union.

The vote in the State Duma, the lower house of Parliament, was a major victory for Mr. Yeltsin, who refused to back down in a showdown with the 450-member chamber dominated by Communists and nationalists. In a secret ballot after being defeated twice earlier in the month, Mr. Kiriyenko triumphed with 251 votes for him and 25 against, as more than one-third of the members abstained. He needed 226 to be confirmed.

The vote makes Mr. Kiriyenko, a former banker and energy minister who has been in Moscow for less than a year, the second-in-command in the Russian government. Should Mr. Yeltsin, 67, die or be incapacitated, Mr. Kiriyenko would become acting president for three months until new elections could be held.

[President Bill Clinton welcomed Mr. Kiriyenko's confirmation Friday and said he was eager to begin working with him on arms reduction and other issues, Agence France-Presse reported from Washington. "I'm looking forward to it. We have a high opinion of him," Mr. Clinton said during a White

House ceremony.

[Mr. Clinton also said this now should clear the way for the Duma to ratify the START-2 agreement for slashing U.S. and Russian nuclear stockpiles. "I very much hope that this will free the Duma up now to consider the START-2 treaty," he said.]

Mr. Yeltsin said again Friday that he had dismissed the former government of Prime Minister Viktor Chernomyrdin because reform efforts had stalled. The Kiriyenko victory could give fresh impetus to revitalizing the Russian economy, including overhaul of the tax system and restarting economic growth after years of depression, Mr. Yeltsin said.

Mr. Kiriyenko said he would propose a new cabinet next week, and much will depend on whom he selects for key posts.

Mr. Kiriyenko has come across as a pragmatist and "technocrat," as Mr. Yeltsin said when he appointed him a month ago. He has not talked about grand plans for reform, but rather specific steps to resolve Russia's deep and lingering economic troubles, including a massive web of debts and wage arrears.

In his speech Friday to the State Duma, Mr. Kiriyenko promised action on a range of stubborn issues such as financing spring planting and pulling the coal industry out of its financial

See RUSSIA, Page 7

## Japan Tries to Rescue Economy With Tax Cuts

By Sandra Sugawara  
Washington Post Service

TOKYO — The cabinet approved Japan's largest economic stimulus plan ever Friday, with tax cuts and public-works spending topping 16.6 trillion yen (\$128 billion).

The new package aims to prevent the world's second-largest economy from slipping into an extended recession that could devastate the already battered economies in the rest of Asia.

Eisuke Sakakibara, deputy finance minister for international affairs, said the package could enable Japan to hit its growth target of 1.9 percent in the current fiscal year. He predicted the economy would turn around in the second half of 1998, and he dismissed critics who said the stimulus plan was insufficient.

"It's the largest package we have ever had," Mr. Sakakibara said.

He said that the plan, which includes 7.7 trillion yen in public-works spending and 4 trillion yen in income tax cuts in 1998 and 1999, also called for "decisive measures to address the nonperforming-loan problem," such as tax breaks and other provisions to encourage banks to dispose of bad loans and collateral more quickly. The government has also promised a complete overhaul of the tax system, which is seen as stifling growth.

In Washington, Robert Rubin, the U.S. Treasury secretary, said the measures were positive but that more was

needed, Reuters reported.

"We welcome the substantial policy measures announced today by the Japanese government," Mr. Rubin said, before listing several other steps he wanted Tokyo to take.

"We hope the government will put these measures into place quickly and effectively and move forward with further actions, including measures to strengthen Japan's financial system and open and deregulate its economy, to help establish a basis for long-lasting domestic demand-led growth."

In the financial markets, the stock market rose as details of the plan were released. The Nikkei 225 stock index rose 1.6 percent, or 249.55 points, to end at 16,011.24. The yen rose briefly but then fell as the dollar was quoted at 131.245 yen in 4 P.M. New York trading, up from 130.145 yen Thursday.

Traders said they were mainly reacting to Finance Minister Hikaru Matsunaga's comments Friday morning that the government was considering making the income-tax cuts permanent. But by Friday evening, the final package contained no mention of a permanent tax cut.

The income-tax cut plan will give a Japanese family of four a tax cut of about \$538 this summer. Combined with a tax cut enacted last winter, the government is handing an average family of four more than \$1,000 in tax cuts this year. The hope is that they will

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## Kohl Is Facing a Rout in an East German State

By John Schmid  
International Herald Tribune

MAGDEBURG, Germany — Voters in the struggling East German state of Saxony-Anhalt are expected to give Helmut Kohl, their once-revered "unification chancellor," one of his most bruising setbacks Sunday in the run-up to national elections in September.

Mr. Kohl and his center-right party no longer can rely on the grateful support from East Germans that followed Germany's unification in 1990, a historic feat that shattered the Iron Curtain but that evidently is little help these days to Mr. Kohl.

In Saxony-Anhalt's statehouse race, it ranks as one of the oddities of German politics that Mr. Kohl's self-proclaimed "party of German unification" lags by

crushing margins in virtually every opinion poll, according to Bernd Reiserer, a Kohl supporter and state manager of the Christian Democratic Party.

"Some have short memories," Mr. Reiserer shrugs.

In Saxony-Anhalt, the chancellor's Christian Democrats score between 22 percent and 25 percent in the polls, meaning a loss of 10 percentage points or more from their 1994 result of 34.4 percent. Riding a national upsurge in support, the Social Democrats stand to increase their score by a similar margin, to around 44 percent from 34 percent.

In the previous federal election, in 1994, East Germans acted as swing voters, electing Christian Democrats with wider margins than West Germans did, helping Mr. Kohl to eke out the narrow majority that has kept him in the chancellery.

The 68-year-old chancellor, accused by opponents in East Germany of breaking too many promises, now appears to have lost the trust of the region's voters. The Christian Democrats trail by wider margins in the East, both in Saxony-Anhalt and throughout the former Communist region, than it does in the West. The Emnid polling institute found that Mr. Kohl was lagging his Social Democratic opponent, Gerhard Schroeder, in a one-on-one popularity contest by 24 percent to 63 percent among East Germans, compared with a West German average of 40 percent to 52 percent.

In some Eastern regions, the Party of Democratic Socialism, the direct descendant of East Germany's loathed Communist dictators, was leading local Chris-

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## Republicans Deal Blow To Clinton's IMF Goal

By Eric Schmitt  
New York Times Service

WASHINGTON — Congressional Republican leaders dropped the administration's request for \$18 billion for the International Monetary Fund from a popular spending bill, delivering a potentially fatal blow to one of President Bill Clinton's top foreign-policy goals.

Supporters of the financing had hoped that Congress might vote on it by the end of this month. But the decision Thursday, made at a stormy hour-long meeting of House and Senate Republican leaders, removed the funds from a fast-moving legislative train, delaying any vote at least until next month.

The House and Senate have each approved vastly different versions of the bill, which provides emergency military spending and disaster relief. The Senate bill includes the financing, which is intended to replenish the Fund's capital after it was drained by the Asian economic crisis; the House bill does not. Republican leaders were meeting to determine which approach to take.

When supporters of the Fund in the House tried to reverse the decision, both sides rolled out their heavy artillery.

"We have an obligation to the people of America to look critically at the International Monetary Fund," the House speaker, Newt Gingrich, said.

The administration, however, has argued that the Asian crisis is hurting American exports to the region. "The crisis in Asia isn't over, and every delay with respect to the IMF is taking an extra risk," an administration official said.

The financing was not intended to aid countries in crisis but to bolster resources to contain future economic malaise.

The \$18 billion — \$3.5 billion in new borrowing authority and \$14.5 billion for the IMF's capital base — would not be an appropriation but a form of credit line extended to the lending agency.

The House action could send a message around the globe. The Fund's members agreed last year to increase

Newsstand Prices

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Antilles.....	12.50 FF	Morocco.....	16 Dh
Cameroon.....	1.500 CFA	Oman.....	10.00 QR
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France.....	10.00 FF	Saudi Arabia.....	10 SR
Gabon.....	1.100 CFA	Spain.....	1.100 CFA
Italy.....	2.800 Lire	Tunisia.....	225 Ptas
Ivory Coast.....	1.250 CFA	Turkey.....	1.250 Dn
Jordan.....	1.250 JD	U.A.E.....	10.00 Dh
Kuwait.....	700 Fils	U.S. Mil. (Eur).....	\$120

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### AGENDA

#### Yugoslav Army Warns of War

BELGRADE (AP) — The Yugoslav Army warned on Friday about the West puts pressure on Albania and Kosovo's ethnic Albanians to stop harboring alleged terrorists in the troubled province.

The warning, amid continuing skirmishes that were reported to have killed 23 more ethnic Albanians, followed Serbian officials' claim of a victory for President Slobodan Milosevic's defiant policy on Kosovo.

Final figures from Thursday's referendum showed 95 percent of Serb voters had rejected Western mediation in Kosovo, the officials said.

After a meeting at army headquarters in Belgrade with foreign military attaches, the army command said this was the West's "last moment to put pressure on the leaders of Kosovo Albanians to give up and denounce terrorism if they really want to see a peaceful and political solution of Kosovo problems."

The command said the "international community should stop Albania in its activities in training, infiltrating and illegally arming the terrorists."

The Washington Post reported that to protest mounting violence in Kosovo, the Clinton administration will push next week for new sanctions against the Yugoslav government, Page 2.

In Bosnia-Herzegovina, officials said that about 1,500 Bosnian Croats who were outraged by an attack by Serbs on a Croat cardinal, burned buildings and stoned and overturned United Nations vehicles in a northern Bosnian town, Page 2.

The Dollar		
New York	Friday @ 4 P.M.	previous close
DM	1.7908	1.7983
Pound	1.6679	1.665
Yen	131.245	130.145
FF	6.0055	6.03

The Dow		
	Friday close	previous close
-78.71	9084.82	9143.33

S&P 500		
	Friday @ 4 P.M.	previous close
change	1107.90	1119.58

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## Tabloids Give No Quarter to Lord Chancellor's Digs

By Sarah Lyall  
New York Times Service

LONDON — The reporters touring the lord chancellor's newly renovated state apartment did not know about neo-Gothic design, but they knew what they did not like.

They did not like the painting of a chef glaring out across the dining room. They did not like the naked statue of Narcissus in the living room, under the portrait of John Gibson, its sculptor. And they particularly did

not like the boldly patterned Pugin wallpaper, which they found to clash with the boldly patterned Pugin carpets and the heavy Pugin furniture.

In truth, the reporters did not like anything in the lord chancellor's apartment in the Palace of Westminster, newly restored to its original 19th century glory and unveiled to a chorus of jaundiced cackling this week.

"It felt like I'd strayed into the most expensive curry house in town," Brian Reade wrote in the Daily Mirror, a tabloid, the next day.

Harsh words, but for Lord Irvine of Lairg, who as

lord chancellor is Britain's most senior judge as well as the speaker of the House of Lords, it was just another bad day in a long string of bad days that began with the leaked news several months ago that the renovations in his lodgings were costing about \$1.1 million, courtesy of the taxpayer.

Lord Irvine, a lawyer, gave Tony Blair, now the prime minister, his first job as a lawyer more than 20 years ago and introduced him to his wife, Cherie. He

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# New Payments to Hubbell Uncovered

## \$700,000 Given to Ex-Aide of Clinton Targeted by Starr Inquiry

By Susan Schmidt  
Washington Post Service

WASHINGTON — Webster Hubbell received more than \$700,000, most of it from friends of President Bill Clinton and Democratic Party supporters, at a time when he was under pressure from the independent counsel, Kenneth Starr, to provide information about Mr. Clinton in the Whitewater investigation, congressional investigators have determined.

That amount is at least \$200,000 greater than what has previously been known about Mr. Hubbell's income after he left his post as associate attorney general and accusations that he had defrauded former clients and partners at the Little Rock, Ark., law firm where he worked with Hillary Rodham Clinton.

Mr. Hubbell served an 18-month federal sentence after pleading guilty in late 1994 to tax evasion and mail fraud. In addition to turning up more payments to Mr. Hubbell, the House Government Reform and Oversight Committee found new details about them, including evidence that Mr. Hubbell had received money for his daughter's college tuition from the head of Lippo Group, an Indonesian conglomerate, and had offered to secure a government appointment for another client after his conviction.

Even as the House panel has investigated him, Mr. Hubbell faces the possibility that Mr. Starr will bring new tax and fraud charges against him relating to the funds. Grand juries in Little Rock and Washington have for months heard testimony from witnesses about his consulting fees, including the question of whether the funds were intended to buy Mr. Hubbell's silence with prosecutors investigating the Clintons.

Mr. Starr's office has been investigating the role of Clinton advisers in helping Mr. Hubbell sign up clients. Among those who came to Mr. Hubbell's aid were the U.S. trade representative Mickey Kantor, who is now a key member of Mr. Clinton's legal defense team in the Monica Lewinsky matter, and Vernon Jordan, who helped Ms. Lewinsky to line up a job at Revlon and Mr. Hubbell to obtain a consulting contract with its parent company, MacAndrews & Forbes Holdings Inc.

Mr. Hubbell, a former partner of Mrs. Clinton's at the Rose Law Firm in Little Rock, might have information relevant to several areas of Mr. Starr's wide-ranging inquiry.

For example, Mr. Hubbell and Mrs. Clinton were both involved in legal work connected to the Castle Grande project, a large-scale land-fraud scheme put together in the 1980s by the late James McDougal, the Clintons' former partner in the Whitewater real estate venture. Mr. Starr has investigated whether Mrs.

Clinton testified truthfully about her work on the Castle Grande project.

The new information about Mr. Hubbell's consulting payments was subpoenaed from his clients by investigators for the House committee. The records show he did little or no work for most of the \$593,442 he received from 18 companies and individuals, including \$61,667 from the HarperCollins publishing house for a book that was never completed. Three trust accounts established to pay his family's living expenses, education costs and his legal bills took in \$110,710.

The House panel found that Mr. Hubbell's consulting contracts would have paid him more than \$850,000 had most clients not ended their arrangements with him when he entered his guilty plea in December 1994. His income after he left his \$123,000-a-year Justice post totaled \$704,152. All the payments came in 1994 and early 1995, except the HarperCollins funds, which were paid in 1995 and early 1996.

Mr. Hubbell's lawyer, John Nields, declined to comment on his client's income or the prospect of new charges against him. In a memoir published last year, "Friends in High Places," Mr. Hubbell discussed his consulting income and said, "It wasn't hush money."

The House panel, whose chairman is Dan Burton, Republican of Indiana, has been looking into Mr. Hubbell's consulting fees as part of its investigation into campaign finance irregularities. Lippo Group and its former employee,

John Huang, a former fund-raiser for the Democratic National Committee, have been important figures in the campaign finance inquiry, and they were among those who came to Mr. Hubbell's aid in June 1994.

A Lippo subsidiary paid Mr. Hubbell \$100,000 on June 27, 1994, shortly after receiving a request from a Little Rock attorney, Douglas Buford, a former law partner of both Mr. Clinton and the White House aide Bruce Lindsey. James Riady, the owner of Lippo, also helped pay \$12,000 toward the college tuition of Mr. Hubbell's daughter while the Clinton associate was in jail, records gathered by the House committee show.

In another payment found by the House panel, Nicholas Stennington, a contributor to the Democratic Party who is vice president at Merrill Lynch in Los Angeles, paid Mr. Hubbell \$18,000 in August 1994. In a Feb. 10, 1995, letter from Mr. Hubbell to Mr. Stennington — sent two months after Mr. Hubbell had entered his guilty plea — Mr. Hubbell promised to help Mr. Stennington line up a federal appointment.

Two companies that had competing interests in the telephone business, Sprint and Pacific Telesis Group, hired Mr. Hubbell in the autumn of 1994 to consult on a dispute between the Justice Department and the Federal Communications Commission. A source close to Pac-Tel said the company did not know Mr. Hubbell was working for its competitor, too. Records show he took in \$112,000 from the companies.



CUTTING CLASS — Operating room staff demonstrating to children how a tonsillectomy is performed during the annual "Take Our Daughters to Work Day" at Beaumont Hospital in Royal Oak, Michigan.

### Away From Politics

• Sixteen members of a Mexican family operation based in Veracruz were accused in an indictment by a federal grand jury in Florida of luring young women to the United States and then forcing them into prostitution to pay off their smuggling fees. The women, some as young as 14, were sent to brothels in Florida and South Carolina where they often had to work six days a week and were subjected

to physical and sexual assault if they tried to escape, the Justice Department said. (WP)

• Completion of the international space station is likely to be delayed until the end of 2006 because of the complexity of the project and uncertainty over Russia's role in it, a report commissioned by NASA said. (AFP)

### POLITICAL NOTES

#### Clinton Adviser Resigns

WASHINGTON — Thomas (Mack) McLarty is leaving the White House staff after more than five years as a top adviser to President Bill Clinton.

Mr. Clinton, who has known Mr. McLarty since they were kindergarten classmates in Arkansas, announced his aide's resignation Friday.

Mr. McLarty, 51, winding up a stint as the president's envoy to the Americas, is resigning effective the end of June. He was Mr. Clinton's first White House chief of staff and later shifted to senior adviser. (AP)

#### Problems on Terrorism

WASHINGTON — Three years after the Oklahoma City bombing, a major interagency study has found widespread deficiencies in the federal government's ability to combat terrorism. These range from a lack of intelligence-sharing on domestic plotters to the need for smaller tracking devices that will escape

detection when placed on people and cars. The 73-page study concludes, "The single most significant deficiency in the nation's ability to combat terrorism is a lack of information, particularly regarding domestic terrorism."

The study cites major concerns with "increased activity by small cells of terrorists or individuals who are inspired by, but not affiliated with, terrorist groups, thus making them harder to identify and stop." (WP)

#### Campaign Funds Swap

WASHINGTON — A financially strapped Democratic National Committee has enlisted at least a dozen state parties in an effort to avoid limits on the use of large contributions for federal campaigns, a Washington Post computerized analysis of campaign finance reports shows.

In recent months, the committee has collected more than \$1 million from labor unions, corporations and wealthy individuals that cannot be used directly for congressional and presidential races and handed that restricted

money over to the state parties. In return, the state parties have sent back to the national committee unrestricted funds that can be spent on those contests, keeping a 10 to 15 percent commission for their assistance.

The party, facing a multimillion-dollar debt, is eagerly seeking funds to finance congressional election campaigns less than seven months away.

Advocates of campaign-finance reform say the tactic, while legal, renders meaningless the federal distinction between "soft money" campaign funds whose use is sharply restricted and unrestricted "hard money." (WP)

#### Quote/Unquote

Michael McCurry, the White House spokesman, saying that President Bill Clinton "chooses to ignore" remarks by Representative Dan Burton, Republican of Indiana and chairman of a panel investigating campaign fund-raising abuses, that the president was a "scumbag." "Chairman Burton's use of a two-syllable vulgarity was rather ambitious." (LAT)

### Tuesday

## STYLE

From Paris to Milan, from New York to Tokyo, fashion editor Suzy Menkes covers the fashion front. With additional reporting on lifestyle issues, the Style section provides up-to-date information on developments in the changing world of creative design.

Every Tuesday in the International Herald Tribune.

**Herald Tribune**  
INTERNATIONAL  
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THE WORLD'S DAILY NEWSPAPER

# AIDS Virus's Spread Not Slowing Down

## Drop in New Cases of Full-Blown Disease Attributed to Better Treatment

By Rick Weiss  
Washington Post Service

WASHINGTON — Although the number of new AIDS cases in the United States has declined substantially in recent years, HIV continues to spread through the population essentially unabated, according to data released by the Centers for Disease Control and Prevention.

The first direct assessment of HIV infection trends shows that the recent decline in U.S. AIDS cases is not due to a notable drop in new infections. Rather, improved medical treatments are allowing infected people to stay healthy longer before coming down with AIDS, overshadowing the reality of an increasingly infected populace.

"The findings of this report give us a very strong message, that mortality may be going down — therapy is working — but HIV continues its relentless march into and through our population," Thomas Quinn, an AIDS specialist at the National Institute of Allergy and Infectious Diseases, said Thursday. "These data tell us we have a lot of work to do."

The findings also confirm previously identified trends showing that women and minorities are increasingly at risk. Especially worrisome, officials said, is that the annual number of new infections in men and women 13 to 24 years old, a group that has been heavily targeted for prevention efforts, is virtually unchanged in recent years.

The report also shows continuing high numbers of new infections among intravenous drug users, a population that has recently been the focus of the value of needle exchange programs that offer drug users clean syringes to prevent the spread of HIV, the virus that causes AIDS.

Officials at the Centers for Disease Control and Prevention in Atlanta would not comment directly on President Bill Clinton's decision this week to extend a ban on federal funding of needle exchanges.

The new figures, in the Centers' Morbidity and Mortality Weekly Report, are based on HIV test results compiled by 25 states from January 1994 to June 1997. They indicate that the number

of new infections during that period remained "stable," with just a "slight" decline of 2 percent from 1995 to 1996, the most recent full year included in the new analysis. By contrast, deaths from AIDS declined 21 percent in 1996 and dropped an additional 44 percent in the first six months of last year.

From 1995 to 1996, the number of HIV infections increased by 3 percent among women. It jumped 10 percent among Hispanics, although officials said that figure was imprecise. Infections declined

by 2 percent in the white and 3 percent in the African-American populations.

All told, the study tallied 72,905 infections during the survey period. The number nationwide is much higher, as the participating states account for only about 25 percent of U.S. infections.

The single biggest risk category was men having sex with other men, but heterosexual transmission continued its steady increase.

The survey is the first to track infection trends by looking directly at HIV test

results in people coming to clinics and other health care outlets. That is a major change from the previous system, in which officials simply estimated the number of new infections by counting the number of people newly diagnosed with AIDS.

#### Soros Offers \$1 Million

George Soros, the international financier, offered \$1 million in matching funds Thursday to support needle exchange programs around the United States. The Associated Press reported.

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As soon as your Entry Certificate is received, you'll be sent by return an Official Confirmation of Ticket Purchase which will show you the El Gordo ticket numbers which have been entered for you in the July Draw.

The actual tickets will be sent to you along with the Official Results statement shortly after the Draw (except for winning prize tickets which will be kept by El Gordo Lottery authorities after your prize monies are collected and paid to you).

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## Lebed Stakes His Presidential Hopes on Siberia

By Daniel Williams  
Washington Post Service

**KRASNOYARSK, Russia** — This is a city whose most exotic out-of-town visitors are usually beavers and where excitement comes in the form of guessing whether the last snow of winter will fall in May or June.

But Krasnoyarsk, capital of a vast Siberian region that makes Texas look small, is suddenly the focus of national political attention, with dignitaries flocking here to make their voices heard.

It all has to do with the campaign of Alexander Lebed, a gruff, plain-speaking retired army general and national security chief, to become governor of Krasnoyarsk — and ultimately president of Russia. In effect, the election here is Russia's first presidential primary.

Mr. Lebed, known for delivering pithy aphorisms, makes no bones about his view of the stakes. "As Krasnoyarsk goes, so goes Russia," he said the other day.

Although the presidential election is not scheduled to

take place until 2000, the question of who will succeed Boris Yeltsin already dominates Russian politics. Candidates are bold in declaring their intention by deed if not words; billionaire kingmakers are funneling big money into yet unformed campaigns.

It is high noon for Mr. Lebed, whose political career has already seen as many twists as the Yenisey River, which winds by here. If he wins, he will have secured a large political base and a privileged position among the most often mentioned presidential contenders: former Prime Minister Viktor Chernomyrdin, the mayor of Moscow, Mayor Yuri Luzhkov, First Deputy Prime Minister Boris Nemtsov and the Communist Party leader, Gennadi Zyuganov.

If he loses, there won't be an Alexander Lebed to kick around any more. "I won't waste either the time or nerves on the presidential race," the former paratrooper leader said. "I have other talents. I will be able to find a job."

The gubernatorial election also offers a snapshot of Russia as the Yeltsin revolution plays itself out and a measure of the distance the country has

traveled in the conflict between communism and capitalism. The issue is no longer "Back to Brezhnev" vs. "Forward to Adam Smith"; now Russia is struggling to determine what kind of capitalism will reign as the 21st century begins and who will hold the strings of power.

The first round of balloting here takes place Sunday, with a runoff to follow if — as most observers predict — no candidate wins a majority. Some polls indicate a voter preference for the incumbent, Valeri Zubov, but even his staff suspects Mr. Lebed is making up ground. Mr. Zubov presents himself as the choice for voters who want stability; Mr. Lebed is running as the candidate of change. In specifics, however, their programs differ little; both stand for a free-market system and economic growth.

Mr. Lebed, 47, first displayed his electoral appeal in the 1996 presidential race, in which he finished third behind Mr. Yeltsin and Mr. Zyuganov with 15 percent of the vote on the initial ballot. In the runoff, Mr. Lebed threw his support to Mr. Yeltsin, helping to ensure his victory. He was named Mr. Yeltsin's na-

tional security adviser shortly thereafter, and he increased his popularity by negotiating a peace agreement with guerrilla forces in the separatist region of Chechnya. By October 1996, with Mr. Yeltsin's health seeming to fail, Mr. Lebed was tagged as a likely heir. But Mr. Yeltsin rallied, and, in a manner that has now become familiar, the president fired his budding rival.

Since then, Mr. Lebed has spent much of his time claiming Mr. Yeltsin is unfit for office. Over the past few weeks, he has been barnstorming the Krasnoyarsk region, which is no easy feat, since it is more than four times the size of France with a population smaller than that of Paris. Towns and villages are separated by vast distances, bleak tundra and inhospitable forests.

That this is more than a regional race is evident from the fact that Boris Berezovsky — a Moscow banking tycoon and political operative who advocates big business as an overseer of government — is underwriting Mr. Lebed's campaign.

Mr. Berezovsky's ideology seems to be purely pragmatic; he is seeking an inside track on



Mr. Lebed gesturing Friday at a meeting with a Muslim cleric in Krasnoyarsk.

the purchase of a major state-run oil company, Rosneft, that is soon to be put up for sale. He also wants a role in forthcoming decisions on the fate of state electric, gas and railroad monopolies, as well as on tax reform. Mr. Lebed justifies Mr. Berezovsky's contributions by saying that the magnate is interested in putting money into Krasnoyarsk.

Mr. Zubov, the incumbent, has tried to counter Mr. Lebed by bringing in his own Moscow-based political celebrity — Mayor Luzhkov. Mr. Luzhkov, whose administration is involved in numerous Moscow businesses, promised to bring economic magic to Krasnoyarsk.

Mr. Luzhkov's interest in undermining Mr. Lebed seems from a classical competition; both are fishing for

nationalist voters. Mr. Lebed projects Russian-ness with his ramrod posture and promotion of such values as honor and dignity. Mr. Luzhkov has become a defender of Russian ethnic rights in the former Soviet Baltic states and a promoter of Russian sovereignty in Crimea, now a part of Ukraine. "Lebed is dangerous for Russia," Mr. Luzhkov said at a Zubov rally.

## U.S. Showers Attention On Oil-State Autocrat

By Thomas W. Lippman  
Washington Post Service

**WASHINGTON** — The president of Turkmenistan, Saparmyrat Niyazov, is reputed to rule with an iron hand, tolerate no opposition and encourage a cult of personality.

But his country has vast reserves of natural gas and a long border with Iran, which is why President Bill Clinton received him at the White House on Thursday.

Much as they did with China, Mr. Clinton and his senior foreign-policy advisers decided that the imperatives of doing business with Mr. Niyazov outweighed their objections to his domestic repression, administration officials said.

U.S. officials are encouraging the former Soviet republics of central Asia to develop greater political and economic independence from Moscow while trying to discourage them from forming closer ties with Iran. Turkmenistan, with its rich resources and strategic position on the eastern shore of the Caspian Sea, is a key to that policy.

"Caspian energy development is vital to the economic future of the region," the president told President Niyazov, the White House spokesman, Michael McCurry, said. "We will continue to work with the Turkmen on the development of Caspian energy and ways to bring those resources to market."

Mr. Clinton did not ignore human-rights concerns, Mr. McCurry said, adding that Mr. Niyazov "well understands" the importance that Washington attaches to political reform and economic reform. The presidents said in a statement that Turkmenistan was "committed to strengthening the rule of law and political pluralism," including holding "free and fair" elections for Parliament in 1999 and the presidency in 2002.

But Mr. Niyazov left the strong impression during his visit that political pluralism and freedom of expression were not his foremost concerns. In an appearance at Johns Hopkins University he said, "No one has been arrested in Turkmenistan for political reasons" — a statement contradicted by human-rights groups and by the State Department, which has named individuals who it said had been locked up in psychiatric hospitals to silence them.

Nevertheless, the strategic importance of Turkmenistan requires Washington to deal with Mr. Niyazov, administration officials said. The U.S. Trade and Development Agency agreed Thursday to provide \$750,000 to finance a feasibility study of a natural-gas pipeline that would run beneath the Caspian Sea, giving Turkmenistan access to the Turkish natural-gas market without having to cross either Russia or Iran.

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## EDITORIALS/OPINION

## Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## France and Bosnia

As long as the war criminals of Bosnia roam free, recovery for that wounded nation will not be possible. Many men who led campaigns of ethnic cleansing, mass rape and torture remain at large, a constant impediment to those Serbs, Croats and Bosnians who now are working toward democracy and tolerance. The greatest single impediment to peace remains Radovan Karadzic, the former Bosnian Serb leader who allegedly ordered or acquiesced in some of the worst atrocities of the 1992-1995 war.

So news of possible French collaboration with Mr. Karadzic in his efforts to evade capture and trial by an international war crimes tribunal can only provoke revulsion. According to a story by The Washington Post reporter R. Jeffrey Smith, NATO troops in Bosnia had to abandon a plan to seize the constantly guarded former leader after learning that a French officer had been meeting with him on a regular basis and passing information to him about NATO operations. Nor was this a rogue activity; the officer kept his superiors informed about his meetings

with Mr. Karadzic. Although French officials initially told NATO colleagues that they would court-martial the officer, they now apparently have no plans to punish him.

The French government Thursday issued a terse statement that raised more questions than it answered. The officer in question, it said, did not compromise NATO arrest plans. He was pursuing contacts according to his orders, France said, but as soon as those contacts "could have appeared questionable" he was withdrawn from France.

Seemed questionable? For starters, NATO policy forbids any contact with indicted war criminals. The entire NATO contingent, including its U.S. component, has been too hesitant in pursuing alleged war criminals. But in recent months, U.S., Dutch and British forces have recorded some significant successes — and none of their forces could be accused of actively helping war criminals escape. The French government needs to explain exactly what policy it has been pursuing.

—THE WASHINGTON POST.

## Irresponsible Senate

The U.S. Senate has betrayed its obligations with its pitiful performance on NATO expansion. Instead of illuminating the complex issues involved in extending the alliance eastward, and weighing the potentially grave consequences, the Senate has treated the matter as a legislative afterthought, flippantly fitting a few hours of debate between other bills.

With discussion soon to resume on whether to approve membership for Poland, Hungary and the Czech Republic, the Senate can redeem itself by taking an exacting look at the most important foreign policy decision America has faced since the end of the Cold War.

That is the Senate's constitutional duty, and it must not be forsaken just because Trent Lott, the majority leader, does not seem to appreciate the difference between amending an international treaty and debating a highway bill.

The reason the constitution requires a two-thirds Senate majority to approve or revise a treaty is that vital American security interests are usually involved. In this case, the Senate must decide whether to commit American military forces, including nuclear weapons, to the defense of Warsaw, Budapest and Prague.

That alone should give the Senate pause. For all the White House's smooth talk about expanding democracy and prosperity in Europe, the enlargement of the North Atlantic Treaty Organization comes down to a military commitment. The movement of armies and weapons around Europe has financial and political costs, none of which can be predicted with any certainty today.

The Senate has no idea whether

NATO expansion will cost \$1.5 billion, as the Pentagon predicts, or \$125 billion, the price once cited by the Congressional Budget Office. Nor does it know how much of that burden Washington will have to bear.

The White House has provided no military rationale for expanding NATO eastward while Europe is at peace and democracy and free markets are taking root in Russia. Instead, the ratification resolution promiscuously opens the door to NATO military actions almost anywhere in the world. That startling expansion of NATO's license to conduct military operations demands extensive debate.

Astonishingly, the Senate is being asked to approve all this without even the most basic analysis of potential threats in Europe or a description of how expansion is likely to affect American military forces. That information should have been the subject of intensive review by the Senate Armed Services Committee but was not. It is to be provided by President Bill Clinton no later than 180 days after the Senate votes. That is no way to run a government.

Mr. Lott may be content to tell his constituents that he approved NATO expansion after a few hours of perfunctory debate without knowing the cost of the military and political implications, but other senators ought to take their obligations and the nation's security more seriously. The matter should be referred back to the Foreign Relations and Armed Services committees for the careful analysis it should have received in the first place.

—THE NEW YORK TIMES.

## The Global Climate

U.S. Secretary of State Madeleine Albright this past week announced a "diplomatic full-court press" to encourage developing nations to help avert the danger of climate change. A first, uncharitable reaction might be to ask what took so long, given that combating global warming ostensibly has been a Clinton administration priority for some time now. But it would be fairer to credit the administration with gradually increasing the prominence of environmental issues in its diplomacy, and to welcome Secretary Albright's pledge of increasing attention now.

The administration last year helped negotiate and then signed a treaty committing the United States and other developed nations to sharply reduce their emissions of greenhouse gases. Those are the byproducts of burning oil, gas and coal that are accumulating in the atmosphere and which most knowledgeable scientists believe will increasingly affect the global climate in coming decades, potentially in destructive and destabilizing ways. President Bill Clinton said, however, that he would not submit the treaty for Senate ratification until developing countries also agreed to take on some responsibility.

This was a bow to political reality; the Senate has made clear it will not ratify any treaty until China, India and other powerhouses of the developing world sign on in a meaningful way. But it is in line with scientific reality, too.

America emits more greenhouse gas than China, and far more per person; but in total output, China is expected to surpass the United States within 20 years. A nation as poor as China should not be expected to accept limits on its growth. But it could commit itself to making its energy use increasingly efficient as it grows. That would benefit not only the global climate but China's environment and economy, too.

There has been plenty of room to criticize the Clinton administration for the gap between rhetoric and effort on climate change. But welcome evidence that the president is taking the issue more seriously came during his recent trip to Chile. There, he and President Eduardo Frei agreed that developed countries must set an example in greenhouse gas reduction, but that developing countries also must play a role. They agreed that market-based mechanisms are the most efficient way to achieve their common goal, something many developing countries still balk at. At about the same time, the leaders of wealthy Japan and impoverished Russia were pledging similar forms of cooperation.

These steps did not offer the kind of firm commitment many U.S. senators will be looking for, but they provided encouraging evidence that developing countries are beginning to see the benefit of joining in this global effort.

—THE WASHINGTON POST.

## How America Helps Third World Bomb Makers

By Gary Milhollin

WASHINGTON — Since January, the Clinton administration has been quietly circumventing a new law intended to keep American supercomputers away from Third World bomb and missile makers.

Supercomputers are the most powerful tools available for designing nuclear weapons and the missiles to deliver them. The world may soon face more weapons of mass destruction, all so computer companies can reap a few export dollars.

Digital Equipment Corp. has asked the Commerce Department for permission to sell a supercomputer to India's Nuclear Power Corp., which runs a string of reactors, widely assumed to be used in plutonium atomic bombs. Digital also wants to supply China's Harbin Institute of Technology, which makes rocket casings and other components for long-range missiles.

Sun Microsystems wants to outfit the Indian Institute of Technology, which develops rocket propellants and performs wind-tunnel research to improve the flight of nuclear missiles.

And Silicon Graphics Inc. is hoping to supply supercomputers to a com-

pany that makes India's biggest rocket and missile engines.

By law, American companies must notify the government before shipping a supercomputer to countries such as Russia and China, because they do not control their exports effectively, and India, Israel and Pakistan, because they reject the Nuclear Nonproliferation Treaty. If a federal agency objects to a sale within 10 days of notification, the seller must provide more information.

Congress enacted this law last fall after Silicon Graphics and IBM were caught shipping supercomputers to Russia's leading nuclear-weapon labs without the required export licenses.

But in January, Gary Samore, the White House official in charge of nonproliferation and export controls, knocked the teeth out of the law by informing the federal agencies that they could not object to a sale unless an undersecretary personally put the objection in writing.

This is like requiring the postmaster general to personally forward your mail.

A Pentagon expert told me that this requirement was "outrageous" because even formal license applications — which are more important than notices — are handled by midlevel personnel. David Tarbell, a senior Pentagon official, complained in a memo (that I have seen) that the White House seemed to want to "ensure that no (or very few) objections would ever be received."

The Energy Department has not objected to a single sale, because staffers there believe they would not get an objection up their chain of command within 10 days.

Even federal agencies that have persisted have been unsuccessful.

In February, the American arm of Siemens, the German electronics giant, announced that it wanted to sell a powerful computer to the Russian Academy of Sciences. The Pentagon objected because the academy's institutes still design nuclear warheads and missiles.

But the Commerce Department returned the objection because an undersecretary had not signed it. The Russians got the machine and the Pentagon got stiffed. Only the tiny Arms Control and Disarmament Agency has been nimble

enough to lodge effective objections. Most recently, the Commerce and Energy departments have been trying to drop more than 20 countries that are now covered by the law. They want to allow supercomputer exports to Algeria, a terrorist-plagued state that is planning to process plutonium. The two departments also want to drop restrictions on countries like Vietnam and Vanuatu, which have no export controls, so technology could be easily diverted to other countries.

For all this, the computer companies would gain relatively little: The countries on the list of risky destinations account for only 5 percent of the potential market for supercomputers. It is worth the risk that someday American soldiers and sailors might face Russian- and Chinese-supplied missiles in the Gulf?

Unless the Clinton administration follows the intent of the law, those missiles will be designed with American help.

The writer directs the Wisconsin Project on Nuclear Arms Control. He contributed this comment to The New York Times.

## The Euro Will Arrive, but Then Beware the Deluge

By Robert A. Levine

VAISON LA ROMAINE, France — Barring major catastrophe, Europe's 11-member Economic and Monetary Union will come into being on Jan. 1, 1999. Then the political pressures that led to the union will be off, the external economic conditions that made it possible may well be reversed — and it will be time for the catastrophe.

EMU will fail to work as designed and may instead pull Europe into an economic abyss.

In a superficial way, the many Germans who warned that monetary union would never work because other nations would not obey the disciplines of the Maastricht agreement will be proved right. However, the problem is that the disciplines themselves were badly conceived and can lead to economic disaster in the countries subjected to them, including Germany.

Politically, the reason for monetary union has been the desire, particularly in Germany and France, for an unbreakable band tying Europe together. This has been the fixed objective of Helmut Kohl; it has been the commitment of an alternating right-left series of French presidents and governments.

But the German and French concepts have developed very differently, as exemplified by a recent debate in the Parisian daily Le Figaro between the German economist Horst Siebert and the French economist Jean-Jacques Rosa.

Mr. Siebert summarizes the issue: "Lacking a common philosophy of depoliticization of money, shared by a French-German consensus, European monetary union will not rest on a solid base."

But Mr. Rosa objects to "leaving the standard of living of the voters to the arbitrary discretion of technicians who do not represent them.... This would constitute a regression of democracy."

The basic problem is economic. Wrote Mr. Siebert: "Employment must remain a national responsibility." But unemployment in France and Germany, and in most of the EMU countries, remains above 12 percent, and if depoliticization deprives national politicians of the means to do

something about it, depoliticization, not national politics, is likely to break first.

To be sure, the advocates of tight constraints may be right that such restrictions are necessary to force the structural changes needed for long-run reductions in unemployment. At best, however, the structural view presents a long-run truth, and politics happen in the short run.

So far, European political economies have held up. Growth has accelerated, though not enough to reduce unemployment significantly. But the growth has largely been export-based and the effects of the Asian crisis have not yet been fully felt.

More important, the U.S. economy cannot boom forever at its current rate. If it slows, imports from Europe may only slow down; if it goes into reverse, the final prop will be pulled out from under EMU.

Even if unemployment merely stays high, political crisis will come, perhaps first in France. Lionel Jospin's "plural left" government is popular on

the basis of style, promises (including the questionable one that reduction of the workweek to 35 hours will reduce unemployment) and the disarray of the center-right.

Ominously, the last has been due in part to the strengthening of the quasi-fascist far right. Should unemployment not improve by Jan. 1, the far right could prosper further, or the plural left could fall apart.

In Germany, matters are complicated by the September election. Although EMU is unpopular, both major parties are committed to it and neither is likely to gamble by changing position. Rather, the issue will be which party can better enforce the strict constraints that will make the new euro most resemble the conservatively managed Deutsche mark.

The trouble is that Germany, like France, has 12 percent unemployment and serious adherence to the constraints will make things worse. The Social Democrats seem likely to gain a plurality over Mr. Kohl's Christian Democrats, but not a majority. If they form a government with the Greens, an unadmitted break from the con-

straints might occur. A grand coalition with the Christian Democrats, however, would probably bring about a real attempt to enforce the restrictions, and quite possibly a grand fight with France — and a grand disaster.

One dens ex machina hoped for by Gerhard Schroeder, the Social Democratic candidate, is the entry of Britain. Joschka Fischer, Mr. Schroeder's putative Green foreign minister, says that is impossible, however, and he is right: Britain is not likely to join its 5 percent unemployment rate to the Continent's 12. Maybe after EMU has solved its problems Britain might think about joining.

What it comes to is that catastrophe might be avoided by a combination of French political sense, de facto German reversal and lucky continuation of the external stimuli to European growth. It is unlikely.

The writer is an economist and the author of "Not With a Bang But a Whimper: Western Europe Approaches the Third Millennium." He contributed this comment to The International Herald Tribune.

## Israel at 50 Is Taking a Closer Look at Its Beginnings

By Stephen S. Rosenfeld

WASHINGTON — Israel's 50th anniversary as a state could easily have been a grand jubilee observance of peace with the Palestinians. I say this thinking it could still happen. Certainly it has to count that Israelis curious about their history are now finally getting exposed to a deeper and more inclusive version of it.

Israel's practitioners of a "new history" have been looking beyond the stirring narratives of rescue and national redemption to see how the founding appeared to the Palestinians. In a notable recent series on the state-run Israel TV, the birth of Israel was presented as having not just valiant champions but coldly calculating ones as well.

Israelis were shown as contributors to the "transfer" — the uprooting and expelling — of hundreds of thousands of long-settled Palestinians. The resulting buzz has fed into current Israeli concern over the stalemate in peace talks.

Everywhere, state-making turns out to be a violent sorting out of winners and losers. The newly appreciated slice of its history does not invalidate Israel's claim to statehood, which rests on unassailable historical and religious tradition and on the absolute post-Holocaust urgency of the Zionist movement for a Jewish national home.

But it does clarify the picture of Palestine that, for the sake of truth, ought to be in people's minds. It is part of the un-sentimental reality that peace

must somehow accommodate. It is good news that some number of Israelis — and not just intellectuals but a broader public — should now be acknowledging how Israel's birth affected others. An American commentator, Rochelle Furstenberg, observes that the "post-Zionist" historians figure Israel is now strong enough to confront earlier myths.

The fact is that Zionist militia commanders, the young Yitzhak Rabin among them, drove Palestinians from hundreds of villages, including Deir Yassin, scene of a notorious massacre. What Israelis hail as their finest national hour, Palestinians term "the catastrophe."

President Bill Clinton recently waded into these waters blithely unaware. In a television special celebrating the Israeli anniversary, he tossed in a boilerplate tribute to Israel's "making a once-barren desert bloom."

He was promptly (but not on air) caught up by Hala Malkoud, president of the American-Arab Anti-Discrimination Committee. "Palestine was not a desert. Palestinians had a rich culture and society. Haifa, Jaffa and Acre were thriving cities. But Israel erased the Palestinian presence from the land, destroying 418 Palestinian villages. Israel was built on the wreckage of Palestinian lives. It is unconscionable for President Clinton to celebrate this history, while ignoring its human cost....

"Even within Israel the public discussions of the anniversary have been much more thoughtful and frank in re-examining the Palestinian experience."

Mr. Clinton's statement was particularly astonishing, coming at a time when the U.S. is trying to act as an honest broker in the peace process."

For Israelis, the 50-year balance sheet includes great pluses: the establishment and defense of the state; the provision of refuge for Jews in desperate straits; the preservation of democracy; the creation of a modern society and economy, and the start of peace

with some of the neighbors. All that is on one side of the ledger. On the other is Israel's failure to do the hard things that should have been done to invite reconciliation with Palestinians.

The Palestinians' balance sheet is starker. They judge it a success just that they have asserted and maintained a national identity in the minds of their people and in world consciousness. But there has been a specific failure to exploit the several opportunities (1948, 1978) to work toward self-determination, and a general failure to match the Zionists in applying self-discipline to the pursuit of deeply felt destiny.

The Israeli-Palestinian transaction is a century old and far from complete. But it is evident what its eventual political bottom line must be: the establishment of a Palestinian state next to the existing Jewish state.

The nations of the world had it right when they voted to partition then-British Palestine in 1947. It was a good idea then, even though, while the Israelis accepted it, the Palestinians turned it down. Now the two parties have reversed positions, with the Palestinians in favor and the Israeli government in Benjamin Netanyahu seemingly locked in denial, but the idea remains compelling and sound.

The Washington Post.

## Imagine, the Dalai Lama as Pinup

By Pico Iyer

SANTA BARBARA, Calif. — The Dalai Lama finds himself these days tending to so many fires at once that, whichever direction he turns, he is likely to get burned.

A Nobel Peace Prize laureate treated in some quarters as a terrorist, a ubiquitous icon courted by certain heads of state only in private, he has had to lead his people from a distant exile for almost 40 years and to abandon full-time spiritual practice for the back rooms of geopolitics since the age of 15.

So when a full-page portrait of him was recently featured in an Apple Computer advertising campaign (under the words, "Think different"), some friends of Tibet shuddered a little to see his image once again prized before his cause. With his popularity and prestige, the Dalai Lama was sure to help Apple, but would Apple be helping the Dalai Lama?

The company decided to pull the advertisement from Asia for fear of offending China. Here, it is implied, is a universal hero we can admire only under our breath, or on one side of the world. Though the Apple campaign features similar portraits of Gandhi, Einstein and other beloved mavericks, Gandhi and Einstein have the advantage of merely having opposed governments and odds. The Dalai Lama, by contrast, is up against the world's largest marketplace.

The heart of his paradox lies, simply, in the fact that the Dalai Lama must be monk and politician at once, and what the monk embraces the politician may recoil from (or vice versa).

His commitment to Buddhist principles moves him to treat everyone as a friend, including those who experience might suggest are enemies. And his tactical realism in counseling against outright defiance of China is branded by some militant Tibetans as too accommodating.

To the Dalai Lama himself, the situation is quite clear: So long as one's motivation is pure, he told me when last I saw him, 18 months ago, the rest will take care of itself. Geopolitics, however, tends to prefer ends to means.

The final factor throwing all of this into a furious spin is the ravenous force of a celebrity culture that has taken to its heart the image of a smiling, robed wise man without bothering too much about the struggle that he is leading or the tradition in which he is an exceptional philosopher.

With his love of science and his readiness to deal with the times, he has even seen in globalism the seeds of a keener sense of universal responsibility, urging that "we have to begin promoting this understanding through magazines and through television."

Yet the fact remains that such embarrassments as Apple's campaign (and its partial termination) threaten to alienate both the Dalai Lama's friends and his enemies. If the Tibetans encourage such projects, they risk the distortion of their culture. If not, they face its destruction.

The best part of us hopes, perhaps, that the Dalai Lama may be able to use the mass media to promote spiritual values more than the mass media use him to advance their less exalted aims. Yet the tightrope walk is treacherous: The medium itself, after all, imperils the message.

And unless a breakthrough is achieved in the next 10 or 15 years, there will be no Tibet left to worry about.

The writer is the author, most recently, of "Tropical Classical." He contributed this comment to The New York Times.

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## Tree Rings

By William

NEW YORK

island called Roanoke. A couple of days ago, a group of people, including a queen of the island, were the first to see the island.

Four days ago, the island was home to about 100 people, including a queen of the island, who was the first to see the island.

Ever since, Roanoke has been a mystery in the world.

The writer directs the Wisconsin Project on Nuclear Arms Control. He contributed this comment to The New York Times.

The writer is an economist and the author of "Not With a Bang But a Whimper: Western Europe Approaches the Third Millennium." He contributed this comment to The International Herald Tribune.

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# Tree Rings Provide Fresh Clues to Mystery of Early American Colony

By William K. Stevens  
New York Times Service

NEW YORK — On Aug. 18, 1587, on a coastal island called Roanoke in what is now North Carolina, a couple named Ananias and Eleanor Dare produced a daughter and named her Virginia, in honor of both the colony where they lived and of Elizabeth I, known as England's virgin queen. The baby, as schoolbooks have long noted, was the first English child born in America.

Four days later, the colony's leader sailed for home to obtain supplies. But England was preparing to meet the Spanish Armada and no ships could be spared for the New World. Three years passed before a relief expedition returned to Roanoke Island. It found no one.

Virginia Dare and all the other colonists had vanished. Ever since, the fate of the Lost Colony of Roanoke has been one of the most enduring mysteries in American history. Now at least part

of an answer, and possibly the key to the mystery, has emerged from centuries-old cypress trees in southeastern Virginia and northeastern North Carolina, not far from Roanoke Island.

Analysis of the annual growth rings of the trees has shown that in a colossal piece of misfortune, the Roanoke colonists — and the Jamestown settlers who followed them a few years later — arrived in the worst droughts of the last 800 years in that part of the country.

"If it weren't for bad luck, these English wouldn't have had any luck at all," said Dennis Blanton, an archeologist at the College of William and Mary in Williamsburg, Virginia, and a co-author of a report on the new findings, published Friday in the journal *Science*.

As a result of the findings, experts are now considering food shortages brought about by the megadroughts to be a possible root cause of both the Lost Colony's failure and Jamestown's well-known miseries and near failure. Jamestown survived to plant the first seed of the British

Empire and its political values in North America, but just barely. The ill and starving settlers had abandoned the colony and were sailing down the James River for home when they met a relief convoy sailing up.

As for the Lost Colony, it "might well have survived if not for the drought," said Warren Billings, a historian at the University of New Orleans and an authority on the early settlements.

The role of climatic and environmental change in shaping human events over the last several hundred years has largely been ignored by historians. "They tend to assume, and I think wrongly, that conditions haven't changed a lot," Mr. Blanton said.

Evidence has mounted in recent years that climatic change played a major role in the rise and fall of ancient civilizations. But scarce attention has been paid to its possible role in more recent centuries.

The latest findings add a dimension to the study of early American history, although the

authors of the study do not claim that drought was wholly responsible for the misfortunes of Roanoke and Jamestown.

"We don't want to come across as environmental determinists," Mr. Blanton said. "The stories are complex."

But the revelation about the super-droughts of the late 16th and early 17th centuries casts a new light on what transpired. It also offers something of a cautionary tale about what type of climatic disasters might strike in the future, either from natural causes or as a result of human alteration of the atmosphere.

Tree rings are regarded as highly accurate gauges of climatic conditions in a given year, or even in part of a year, because their thickness and consistency vary with soil moisture and the year can be pinned precisely by using the most recent year's ring as a benchmark.

In this case, the scientists analyzed the rings of bald cypresses growing along the Blackwater and Nottoway Rivers in southeastern Virginia, part of

the climatic region that includes Jamestown and Roanoke Island. The analysis showed that the most extreme three-year growing-season drought in 800 years coincided exactly with the period in which the Roanoke colony was established and then vanished. The worst single season occurred in 1587, the year of Virginia Dare's birth.

It also showed that the worst seven-year drought in 700 years coincided precisely with the foundation and early years of Jamestown.

Both sets of colonists would have been highly vulnerable to drought, the experts say, because they were living off the land and, rather than farming, depended for food on trade with the Indians and on gifts of corn from them. An extreme drought would have cut food supplies sharply, wiping out any surplus the Indians had. The Indians themselves may well have been afflicted by famine and reduced to eating roots and berries, as happened in an earlier drought, from 1562 to 1571, documented in the historical account of a Spanish priest.



**HUNGER STRIKE** — Four of six Tibetans on a fast-to-the-death sitting outside their tent in a New Delhi park Friday. The six activists vow to fast until the United Nations reopens debate on Tibet's future.

## U.S. Endorses UN Resolution to Curb Firearms

By Raymond Bonner  
New York Times Service

VIENNA — For the first time, the United States has endorsed a United Nations resolution aimed at regulating firearms.

The action came after a week of intense lobbying and negotiation here among the delegates to the UN's Commission on Crime Prevention and Criminal Justice.

Late Thursday, the Clinton administration agreed to sign on to a resolution that had been drafted by Canada and Brazil, but only after it had been rewritten to make clear that it did not call for nations to take action on issues relating to possession of handguns or to internal sales.

The resolution calls for governments to adopt measures, including an international instrument, aimed at "combating illicit trafficking in firearms."

Once on board, the United States joined Canada in recruiting other sponsors. By the end of the day, 21 countries had signed on, including Russia, Germany and Bri-

tain, along with Australia, Argentina and Botswana. Japan also endorsed it, after dropping its own stronger proposal, which dealt with possession of firearms.

The resolution is expected to be approved when it is put before the 40-member UN commission on Monday, delegates said Friday.

"This is quite a dramatic change for governments," said James Hayes, coordinator for international firearms issues in Canada's Department of Justice. "They are now accepting that they must take accountability for guns going out of their countries."

"In an era of globalization and easier flow of goods," Mr. Hayes added, "firearms are going to be treated as different from other commodities."

Mr. Hayes and a U.S. customs agent, James McShane, have been the major individual forces behind prompting UN action to curb firearm trafficking.

Mr. Hayes said that this resolution, along with a treaty on firearms regulations adopted by the Organization of American States in November, would make it easier to combat crime.

"There will be more transparency in the movement of firearms," he said. "It will be far easier to trace them."

It was largely because of the difficulty of tracing firearms once they had been sold to countries in the European Union that the Clinton administration on Wednesday suspended the sale of U.S. weapons to British companies.

U.S. delegates worked hard this week to obtain a resolution that would not unduly anger the powerful gun lobby in the United States. They said that the United States had refused to endorse earlier firearms resolutions proposed in UN bodies because they were too broad, and that this was the first time the United States had sponsored such a resolution.

The move signified that the fight against trafficking in firearms had become a worldwide concern, the delegates said.

Even though the resolution is not as tough as many gun control advocates would have liked, they were generally elated. "It's the best we could expect," said Philip Alpers, a gun policy researcher from New Zealand. "It is the next stage in a long process that will eventually make it more difficult to move guns across borders."

Mr. Alpers and representatives of other nongovernmental organizations said that the resolution was a defeat for the National Rifle Association, the U.S. gun lobby.

## U.S. Hails EU Decision To Drop Cuba Complaint

Reuters

WASHINGTON — A decision by the European Union to drop a World Trade Organization complaint against the United States over anti-Cuba trade legislation may improve chances for a possible agreement in the controversy, the State Department said Friday.

"Certainly the fact that the decision was made not to go forward with a case before the WTO indicates desire on the Europeans' part to come to a solution," said James Rubin, a State Department spokesman.

He added: "And we certainly hope that desire yields the kind of progress and discussions that would mean a good result. But we're not in a position to say that at this time."

The U.S. undersecretary of state, Stuart Eizenstat, and the European trade commissioner, Sir Leon Brittan, met in London on Friday to discuss the U.S. Helms-Burton Act which aims to

discourage foreign investment in Cuba. Washington has frequently accused the regime of Fidel Castro of human rights abuses. Mr. Rubin said he was unable to comment on the outcome of the talks between Mr. Eizenstat and Sir Leon.

He said Mr. Eizenstat was discussing a subject that has been under negotiation by the two sides for months. The contentious issue is "acceptance of the principle that expropriated properties will not be traded as an international commitment with specific disciplines to define how that mechanism would work," he said.

If there is agreement between the United States and the EU, the Clinton administration would ask Congress to modify the Helms-Burton law to allow President Bill Clinton greater flexibility in determining penalties against foreign firms under one section of the law, Mr. Rubin said.

## DUMA: Russian Tycoons Stumble as 'Czar Boris' Gets His Way on New Prime Minister

Continued from Page 1

the seven boyars, or noblemen, who took over in Imperial Russia when the czar was away — they are still hungry for state property and Kremlin influence. But the power struggle shows that their plutocracy is fragile and politically immature, and suggests that they are bedeviled by uncertainty over who might be Mr. Yeltsin's successor.

The kingmakers do not have a future king, yet. They have not even found a prince. And Mr. Yeltsin has shown he is still Czar Boris.

"There are no victors, only losers,"

said Andrei Piontowski, director of the Center for Strategic Studies in Moscow, who has become an acerbic critic of the Russian financial oligarchy. "No one on the political scene has any clear-cut, long-term or even short-term victory. They were involved in what I call 'mutual assured destruction.'"

Only one of the financiers played a prominent role: Boris Berezovsky, 53, the auto, airline, oil and media magnate, who introduced himself recently as "unemployed." But in fact he is something of an elder statesman for the other financiers and an unpaid adviser to Mr. Yumashin, the president's chief of staff,

and friend of the Yeltsin clan, especially Mr. Yeltsin's younger daughter and image-conscious aide, Tatiana Dyachenko.

From the first hours of the drama, questions were raised about Mr. Berezovsky's influence, questions that he did little to dampen and which are still partially unanswered. He has not been shy about stating his conviction that the bankers should be heard in the halls of power. Others say that Mr. Berezovsky wanted nothing less than to install his hand-picked choice as Mr. Chernomyrdin's successor.

At stake is not only prestige, but money. Some of Russia's most lucrative state property is to be sold off in the months ahead, including the state-owned oil company Rosneft. Also in play could be two huge Russian monopolies, the natural-gas giant Gazprom and the electricity grid Unified Energy Systems. They are both still partially state-owned, and possible control or influence over them is coveted by both the business moguls and the reformers around former Deputy Prime Minister Anatoli Chubais, who wants to become head of the electric company. Mr. Chubais and his fellow reformer, Boris Nemtsov, a first deputy prime minister, have been at war with Mr. Berezovsky since a falling out last summer over a telephone company privatization; the young reformers insist that the magnates

should follow orders, not give them.

Thus, when Mr. Yeltsin threw open the doors to a new prime minister, it was a tantalizing opportunity for the Russian tycoons and the reformers. But their gambits may have fallen flat. Vitali Tretyakov, editor of Nezavisimaya Gazeta, a newspaper that Mr. Berezovsky rescued from financial oblivion, wrote this week: "It is not true that Berezovsky was the only one to fall to usher his man to Chernomyrdin's post. Other members of the 'semibankirshina' failed, too."

Mr. Berezovsky's bid for power backfired, according to a senior Russian political figure close to Mr. Chubais. "Berezovsky's biggest mistake was he talked too much about his importance," the politician said, adding, "If and when you have a lot of influence, the best thing to do is keep quiet." It is also not clear what the reformers gained. A key test will be whether Mr. Chubais wins appointment to the electric monopoly and which cabinet posts are reserved for reformers.

Mr. Yeltsin's motives for firing Mr. Chernomyrdin are still opaque, but most informed speculation is that he was threatened by the prime minister's increasingly high profile. "You have to look at Yeltsin's state of mind," a Western diplomat said. "He is old, increasingly finds himself sidelined by sickness, he finally gets better — and is sidelined again. So he gets impetuous."

## RUSSIA: Yeltsin Prevails in Parliament

Continued from Page 1

quagmire; he also promised to help Russian oil companies hurt by recent price declines and said he would oppose breaking up Russia's natural gas monopoly.

In a nationally televised speech, Mr. Yeltsin urged Mr. Kiriyenko to approach government like "an industrial strategy of management," designed to ignite economic growth. This is "precisely" what Mr. Chernomyrdin lacked, Mr. Yeltsin said.

Mr. Kiriyenko stands in stark contrast to Mr. Chernomyrdin; he was a young businessman in the early years of Russian reform, while Mr. Chernomyrdin had been Soviet natural gas minister and later head of the successor monopoly, Gazprom.

Mr. Kiriyenko served notice Friday that he would not succumb to pressure from Russia's restless financial barons, who have jockeyed for influence ever since Mr. Yeltsin dismissed Mr. Chernomyrdin.

"They have not hurt me in any way," Mr. Kiriyenko said of the business magnates, but he warned the new government would show them no favor. "There are interests of the state, and they will be ensured at all cost," he declared.

The main question hanging over the State Duma, was whether it would survive the vote.

## IMF: A Blow to Funding

Continued from Page 1

contributions, but because the United States is the largest contributor, other nations await a cue from Congress.

Mr. Gingrich promised a vote on the financing this year, but only after the House holds hearings on the Fund and sets conditions on the release of the financing. The conditions are expected to include greater accountability by the IMF, which has kept many documents about its internal operations secret.

But in the first major test vote Thursday night, the House rejected a Democratic-led procedural maneuver to reverse the decision to drop the financing provision from the spending bill. The vote was 222 to 186, with 28 Democrats joining 193 Republicans and an independent in opposing the motion; 22 Republicans voted with 164 Democrats in favor.

Senate supporters of the financing tried to improve the measure's prospects last month by attaching it to a must-pass bill to pay for military operations in Bosnia and the Gulf, and disaster relief for storm-stricken Americans.

But House Republicans insisted on dealing with the IMF money in a far less popular bill that includes \$1 billion in back dues owed to the United Nations.



**BOMBING IN BUDAPEST** — Firemen trying to extinguish a burning car in the center of the Hungarian capital Friday. The car, belonging to an Egyptian shop owner, was destroyed, and four people were hurt.

## LONDON: Tabloids Target Lord Chancellor's Decorating Taste

Continued from Page 1

was appointed lord chancellor by a grateful Mr. Blair when the Labour Party swept into power last spring.

But his high-handed manner quickly alienated members of his own party, one of whom, the chancellor of the Exchequer, Gordon Brown, let it be known that instead of buying a fancy new carpet for his own official residence, he had exercised good Scottish thrift by pulling up the old one and repolishing the floor.

At the same time, Lord Irvine's support of privacy legislation angered the news media. His half-joking comparison of himself in an interview to Cardinal Thomas Wolsey, Henry VIII's powerful lord chancellor, angered everyone else.

But the lord chancellor is not the only one in Mr. Blair's inner circle to draw bad publicity these days. With the prime minister so personally popular as to seem virtually beyond criticism, frustrated newspapers eager to make mischief have

had to settle with picking on his aides.

Along with Lord Irvine, the press's favorite punching bags are Peter Mandelson, the minister without portfolio, unfondly known in British newspapers as the Prince of Darkness; and Robin Cook, the hapless foreign secretary, details of whose affair, divorce and subsequent hasty marriage to his mistress have been reported with open-mouthed glee. But of the three, the lord chancellor has probably received the worst drubbing.

As far as his apartment goes, Lord Irvine's aides clearly thought they could quell the criticism by inviting reporters in for an early glimpse and by announcing that members of the public would be welcome two mornings a week, if they applied in advance.

Graham Goode, the palace's furnishing manager, tried to drive home the point that the refurbishment was just one in a series of projects being undertaken in Westminster, with a goal of restoring it to its early glory.

"My brief was to take it back to Pugin times, to restore it to Pugin's interior in the 1840s," he said, referring to the architect who decorated Westminster Palace.

But the reporters did not want to talk about history. They wanted to criticize the lord chancellor's taste in statuary. They wanted to discuss why exactly the dining table, a reproduction carved from oak, had cost about \$23,000 when, as the Daily Express said, referring to the British store for home furnishings, it "would not have looked out of place in Habitat."

Most of all, as Mr. Reade of The Mirror made clear, they wanted to talk about the chancellor's oak-paneled Pugin bathroom, with its special Pugin toilet, which reportedly cost \$4,800. When his entry was barred by an aide to the lord chancellor, Mr. Reade seemed to speak not only for himself, but for most of the other reporters in the pack.

"Look, where is the \$3,000 Pugin water closet?" he demanded. "It is the only bloody reason I am here."

## RWANDA: 22 Executed for Genocide

Continued from Page 1

the vast network of roadblocks at which Hutu militiamen shot or hacked to death thousands of Tutsi in and around Kigali.

"During the genocide, Karamira was the star," said Josue Kayijaho, chairman of a human rights organization and a leader of a genocide survivors group.

"If he had said 'Stop the genocide,' a lot of people under his control would have stopped."

The other Kigali prisoners executed were Elie Nshimyumuremyi, Silas Munyagishari and Virginie Mukankusi, a woman.

In addition to the international effort to halt the executions, human rights activists contended that the trials of the accused were flawed because many defendants had no lawyers, were not allowed to present their witnesses and charged that they had been tortured.

Most of the judges at their trials had received little training and some were survivors of the genocide, which was regarded as having prejudiced their judgment.

Some Rwandans criticized the government Friday.

"Those who planned genocide, they should be punished, but not executed," Christine Mukaramungi, 19, said in a typical statement. "They should find another punishment, maybe jail for life."

But Rwandan government officials ignored the criticism and lashed out at foreign governments, saying that if they had responded quickly enough, they could have stopped the slaughter in 1994.

In his visit to Rwanda last month, President Bill Clinton admitted that Western governments — and African nations — had failed Rwanda during the crisis.

"The international community has no moral authority to criticize the Rwandan government," said Kato Ninyetegeka, director of political affairs in the office of the president, after watching the executions in Kigali.

He said the message that Rwandans would receive from the executions was: "If I commit a crime, I will be punished — whether I am from the north or the south, or short or tall."







## ART

## Furniture Fever

## Full-Bodied Design Fair in Milan

By Julie V. Iovine  
New York Times Service

**M**ILAN — While the crowd on Via Manin fought its way through a narrow 19th-century portal, only the most determined, and tallest, glimpsed the audacious display: red heart-shaped lights impaled on a giant ball of twigs, suspended over a steel table polished to a mirror sheen. Inside, the fortunate snaked slowly around a long refectory table set with insect-shaped lamps made of folded rice paper, as if ready to take poetic flight.

Where else but in Milan would thousands line up in the pouring rain for a furniture happening?

Indeed, the weeklong International Furniture Fair, which closed Wednesday, seemed as much steepchase as preeminent showcase in the world of contemporary furniture.

For 160,000 people from 147 countries, it was off to the fairgrounds: 164,000 square feet of pavilions and 2,088 exhibits, each routing its innovations, whether an armchair covered in high-performance sneaker nylon, a solar-powered outdoor light or a '60s-style sofa remade in iridescent orange. The savvy headed first for the halls showing new lighting: by midday, temperatures would reach gelato-melting heights.

Visitors staggered out of the fairgrounds when it closed at 6 P.M., soaked their feet, then forged into the evening's back-to-back open-house events, held in the city's old warehouses, empty garages and frescoed palazzi.

With Italian furniture sales up 11 percent over 1996, companies were reluctant to tamper with success. "It's the year of solid, good design — I like it," said Louis Oliver Groppe, editor in chief of House Beautiful.

Even Philippe Starck, Peck's bad boy of design, had both feet — and lap — firmly planted. His all-in-one, wide-bodied sofa system (\$3,300) for the Italian company Cassina was a Swiss Army knife of a piece, with two side tables (wired with coquettish lamps) and a rear bookshelf attached. Accessories include a portable desk for working at full slouch at home.

Mining the timeless achievements of postwar and '60s modernism, still loaded with potential, many designers were finding new ways to explore

familiar forms with synthetic materials adapted from extreme sports.

At Edra Mazzei, Massimo Morozzi renovated his own 1985 Domino sofa with brown metallic upholstery made of a highly resilient sports material that is also cut-claw proof. An orange vinyl used to outfit bobsled racers lent Edra's Passepartout — a habitable wall shaped like a space-age doughnut — its James Bond cool. Ross Lovegrove, a Welsh designer, created a cubed love seat in a sneaker-nylon body stocking, its seat scooped out as if by constant wiggling.

The influence of fashion fabrics and textures was never stronger. Massimo Iosa-Ghini, known in the '80s for high-velocity shapes inspired by the Italian Futurists, turned out a trim two-seat sofa for Moroso that recalled Florence Knoll '60s designs in the white boucle of a Jackie Kennedy suit. It was paired with a plush green velvet ottoman.

The craggy Isle of Bute, off western Scotland, seems hardly a place to search for design innovation. But the Highland Fling award goes to its earl, better known as Johnny Dumfries, the race-car driver turned textile manufacturer. His company, Bute, invited Britain's leading-edge designers, including Jasper Morrison, Tom Dixon and Matthew Hilton, to rummage the archives for ideas.

"They went straight for the Knoll fabrics we made in the '60s," said Russell Watkins, the marketing director at Bute. "And then they told us to make them chunkier."

**S**OME of the fair's trendiest offerings were multipurpose, zabaglione-light chairs: William Sawaya's indoor-outdoor Nylon of icy purple PVC tubing, and Paola Navone's stacking chair for Gervasoni, made of aluminum and rawhide webbing.

Evolution, not revolution was also the byword for Droog Design, the Young Turks of 1997. This consortium, based in Rotterdam, adapted its back-to-basics ethos to incorporate its own highly conceptual notions of decoration. Focusing on clever table-top objects, it produced a soft polyurethane tablecloth that erupted into an integrated chip-and-dip bowl.

At a show where new design scaled few heights and stayed safely within the domain of good taste, a little naughtiness seemed just the right number.

## The Hidden Faces of 'Gothic' Sculpture

By Souren Melikian  
International Herald Tribune

**P**ARIS — Despite a title that has the ring of a soap opera, an exhibition at the Grand Palais is not just this year's greatest art show, but easily the most extraordinary revelation in a decade.

"L'Art au Temps des Rois Maudits: Philippe le Bel et ses fils, 1285-1328" (Art in the Time of the Doomed Kings: Philip the Fair and His Sons), until June 29, has many surprises. Few outside specialist circles suspected that French art in the 13th or 14th centuries was so breathtakingly beautiful, so profound, so brilliant in terms of technical mastery. If this escaped public attention until now, it is partly because the lack of a glib label allows it to get lost under the all-purpose denomination "Gothic." Another reason is the level of destruction it has suffered, apparent at every stage of the show.

The discovery that first hits the visitor is the realization that three-dimensional portraiture and the study of the human condition first blossomed in France under Philippe le Bel (1285-1314), long before the Renaissance. Alas, most of its gems are now mutilated and, where severed from a context that often identified them, reduced to anonymous fragments.

One of the first masterly portraits of the period is the laughing head of an urchin with big flapping ears, eyebrows raised in youthful zest for life. It supports a tablet that once served as an architectural console in the Collège de Cluny, erected between 1271 and 1289 and demolished, in stages, in 1833 and 1859.

The exact provenance of another astonishing three-dimensional study from nature remains uncertain. The crumpled up figure of a cripple dragging himself on the ground by leaning on a wooden stick was dug up 100 years ago "in the vicinity of the Basilica" where the French kings were buried at Saint Denis. The man's face breaks into roaring laughter as if possessed by some irrepressible joie-de-vivre, his infirmity notwithstanding. The artist who carved this must have done it from nature.

One likewise surmises a very real person under the guise of a seated patriarch asleep, his emaciated features soothingly relaxed as his head tilts forward. He seems to be caressing a vine branch — the Tree of Jesse, which this high relief from some portal illustrates. The perfect proportions, the flow of the drape thrown over the shoulders, the rhythmic curls of the hair, in short the harmony, points to an art that had reached its own classical moment. This was a classicism steeped in religious inspiration that imparted to its most tragic human studies a soothing gentleness, as here.

It also resulted in a mystical strain, illustrated by an extraordinary group of angels, all smiling rapturously as if absorbed in some ineffable vision. The greatest were barely known until the show and some narrowly escaped destruction. Two wooden angels with wings rising high above their shoulders were discovered in 1958 by Monseigneur Lestocquoy, Françoise Baron of the Louvre writes in the exhibition book. These probably came from the cathedral

surface of the wood. A smile of elation illuminates the face and a mannered touch can be detected in the elongated figure, which seems to be swaying. Despite the darkened, greasy surface, the damaged angel is unforgettable.

A mannerism of sorts was indeed on its way, somehow associated with barely contained energy that fundamentally differentiates it from the later Manierist school. The existence of the trend could barely have been surmised a few

his tomb, entrusted to Jean Pepin de Huy in 1315. The sculpture was not properly dated either, and little wonder. With its ambiguous smile conveying serene detachment, ironical amusement or even wistful resignation, depending on the viewer's own mood, it offers a surprising anticipation of French Renaissance art. The damage it incurred for commercial reasons did not help. The pillow on which the head rested was hacked out and the hands, joined in prayer, chopped off in order to remove all indications of the funerary destination and the religious connotation that might not be to the taste of present-day buyers. Even mutilated, the sculpture retains a powerful presence. Jean Pepin de Huy was a genius.

There were others whose names are lost. A group of statues carved for Notre Dame at Ecouis in Normandy reveals at least two stunning artists. One is the author of Saint Veronica, holding up a linen with the imprint of the face of Jesus. He also carved the figure of an "unidentified saint," as the remarkably similar rendition of the folds indicates. Veronica scrutinizes the viewer with a smiling gravity that contrasts with the freshness and youthful spontaneity of the unidentified saint. If a name could be pinned on such a master, he would be famous.

So too would the author of Saint Mary Magdalene in whose expression derision, understanding and detachment all seem to blend, in a complex mix of psychological nuances worthy of a Quattrocento artist.

**A**S one progresses through the show, the feeling grows that this was truly the major period of cultural transition between the Middle Ages and modern times. Spiritual illumination still touched an art in which a sharp awareness of worldly matters was becoming ever more apparent.

The head of a knight in a coat of mail, ripped off from a funerary figure and used as rubble in the wall of a house at Auxerre, from which it was retrieved in 1980, is a penetrating portrait of a condottiere, eyes wide open, looking back on his bygone life. Accoutrement apart, it would not look out of place in a Fontainebleau school palace.

The smaller objects — the bronzes, the ivories — which make up a show within a show, bear out the feeling that what we call the Renaissance was more like the updating of a long drawn-out process. An ivory Annunciation angel standing, finger pointed, has an expression of Leonardo-like ambiguity, radiant with penetrating intelligence. As one leaves this exhibition that seethes with revelations, one wonders how much more may be discovered about a "Gothic" age that seemed so familiar, and was so much more complex than our clichés suggest.



Wooden angels, probably from the cathedral at Arras.

at Arras, stripped of sculpture and furniture during the French Revolution, sold off in 1796 and eventually demolished.

Another angel is one of a pair that stood in a church at Humbert, a northern French village in the Calais district. The two figures were stolen in 1977. Only one, in the show, was recovered in 1994, its surface damaged by the application of a chemical agent meant to protect the

years ago when its more remarkable creations lay in obscurity.

The funerary figure of a child, the ultimate masterpiece of the genre, was only identified in 1995 in a brilliant demonstration by Baron. This is one Jean de Bourgogne, the young son of an aristocratic couple. His name, not mentioned by historians, is found only in the archives relating to the commission of

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33 (0) 1 53 30 30 31. Web: http://www.tajan.com -  
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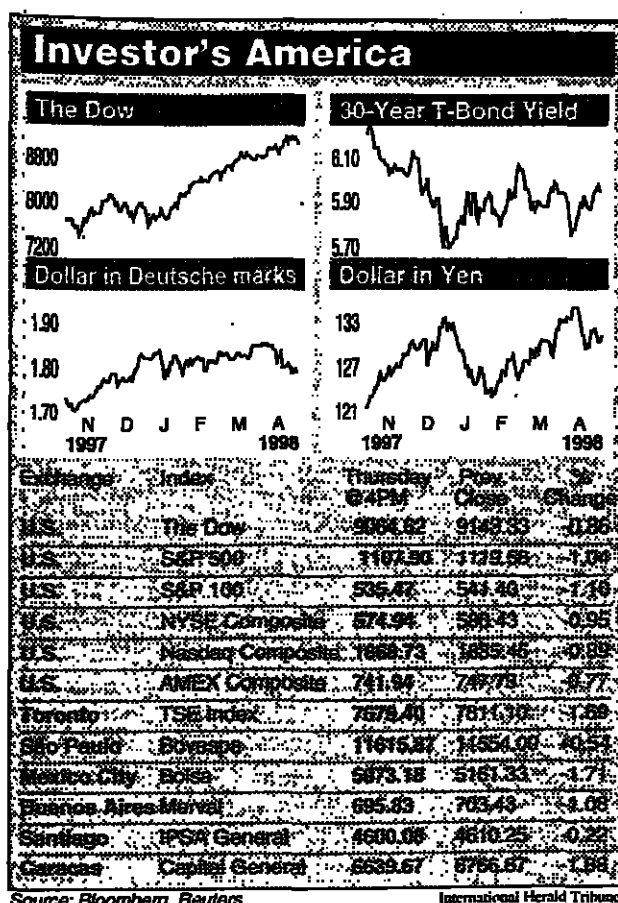








## THE AMERICAS



## Very briefly:

- US Airways Group Inc. and Boeing Co. settled a legal dispute involving the airline's cancellation of airplane orders in 1996. In the settlement, US Airways acknowledged a breach of contract and made an undisclosed payment to Boeing. Boeing's lawsuit against the carrier and a countersuit by US Airways stemmed from the airline's refusal to accept delivery of eight Boeing 757 aircraft or to make a \$3 million partial payment for them.
- Washington Post Co., which publishes The Washington Post and Newsweek magazine and owns 50 percent of the International Herald Tribune, earned \$207.9 million in the first quarter, up from \$47.7 million a year earlier. Revenue rose 7 percent, to \$484 million.
- Kellogg Co.'s first-quarter net profit rose 6.3 percent, to \$171 million, in line with expectations, even as revenue slipped 2.7 percent, to \$1.64 billion, as competition became more intense amid heavy promotions by other cereal makers. Arnold Langlois, chairman, said the company planned to step up its marketing efforts for the rest of the year.
- US West Communications Group's first-quarter net income rose 6 percent, to \$347 million, beating Wall Street expectations, and its revenue rose 4.8 percent, to \$2.7 billion. The Baby Bell phone company cited growth in its local-telephone business, strong demand for new services and continued cost controls.
- Hershey Foods Corp.'s first-quarter net profit rose 9.5 percent, to \$75.4 million, but the company said it would face "significant challenges" in increasing second-half earnings because year-earlier results were so strong. Revenue rose 9.5 percent, to \$1.1 billion.
- MEPC PLC of Britain agreed to sell all its remaining U.S. office and industrial properties to Equity Office Property, Duke Realty Investments and Weeks Corp. for \$368.8 million, or 8 percent above book value. The properties are in Dallas, Fort Worth, Minneapolis and Washington.

Bloomberg, Reuters, AP

## U.S. to Let Comsat Fly Free

## Ruling Will Clear Satellite Firm's Way to Deregulated Areas

Bloomberg News

WASHINGTON — Comsat Corp. will be classified by the U.S. Federal Communications Commission as a "nondominant" telecommunications carrier, a move that will free most of its business from regulation, a commission official said Friday.

The commission will rule that Comsat does not have the power to distort competition in many of the countries it serves, the official said.

In the early 1960s, Congress gave Comsat the sole authority to sell in the United States the satellite services of Intelsat and Inmarsat, two international, government-backed

organizations. Intelsat is used primarily to transmit international telephone calls and video services, and Inmarsat provides mobile satellite communications for the maritime community.

The decision will deal only with those Intelsat services that Comsat sells. It will deregulate Comsat as a nondominant in more than 100 countries where it offers telephone services, 54 countries where it transmits occasional-use video services, and in all countries where it offers long-term video feeds.

Those areas where it will be deregulated account for about 85 percent of Comsat's Intelsat revenue.

In 63 developing nations where there is no competition, Comsat

will continue to be regulated as a dominant carrier.

Comsat had no immediate comment. The company asked the communications commission last year to change its classification to nondominant, which would free it from rate-of-return regulation.

## Loral's Globalstar Offer

Loral Space & Communications Ltd. said it had offered to increase its stake in the Globalstar satellite partnership to 42 percent for up to \$420 million, Bloomberg News reported. Loral would then sell half the newly acquired shares to the billionaire investor George Soros. Loral currently owns 38 percent of Globalstar.

## Wariness About Japan's Plan Lifts Dollar

Bridge News

NEW YORK — The dollar rose against the yen Friday on skepticism about the details of Japan's latest economic stimulus package and relief that the Bank of Japan had not intervened to support the currency.

While the details of the 16.6 trillion yen (\$128 billion) stimulus package were somewhat better than expected, in that the plan included 2 trillion yen more in new spending than many analysts thought it would and offered more in tax cuts, dealers remained doubtful it would be enough to lift Japan's economy. "The sense is the yen is going to weaken further," said Kevin

Lawrie, global foreign-exchange dealer at Mellon Bank. "There were no surprises. Market anxieties about Japan have not been soothed."

Comments from Eisuke Sakakibara, the deputy finance minister for international affairs, also

## FOREIGN EXCHANGE

pressed the yen, traders said. Mr. Sakakibara said further bank-rumors in Japan were inevitable. The dollar rose in 4 P.M. trading to 131.245 yen from 130.145 yen Thursday.

The dollar fell against the Deutsche mark as the German cur-

rency gained ground with the approval by the lower house of Russia's Parliament of Sergei Kiriyenko, President Boris Yeltsin's choice to be prime minister.

Uncertainty before the vote pressured the mark, which tends to suffer from anxiety in Russia because of the close financial and trade ties between the two countries.

The dollar slipped to 1.7906 DM from 1.7983 DM.

Against other major currencies, the dollar was at 1.4910 Swiss francs, up from 1.4897 francs, and at 6.0055 French francs, down from 6.0300 francs. The pound was at \$1.6679, up from \$1.6650.

## Wesco Managers to Buy Out Firm

Bloomberg News

PITTSBURGH — The management of Wesco Distribution Inc. said Friday it would buy the company for \$1.1 billion with the help of Cypress Group, an investment company based in New York.

Wesco Distribution, a distributor of electrical equipment that had revenue of \$2.6 billion in 1997, is majority-owned by Clayton, Dubilier & Rice, also a New York-based investment company. Clayton bought most of Wesco in 1994 from Westinghouse Electric Corp., now part of CBS Corp.

Under terms of the transaction, Wesco management will more than double its share of the company, to more than 30 percent from 14.9 percent, with Cypress Group and institutional investors owning the rest.

Clayton Dubilier is to sell its 66.4 percent stake, and CBS will sell its 15.9 percent stake. Wesco said more than 40 executives and 150 key employees would invest more than \$110 million in the company. Roy Haley, Wesco president and chief executive, will be chairman. The transaction is expected to close in late May.

## INTERNATIONAL FUTURES

April 24, 1998	High	Low	Latest	Chg	Opt
<b>Grains</b>					
CORN (CBOT)					
May 98	2.38	2.35	2.36	+0.01	2.36
Jul 98	2.35	2.32	2.33	+0.01	2.33
Soybeans (CBOT)					
May 98	1.10	1.08	1.09	+0.01	1.09
Jul 98	1.08	1.06	1.07	+0.01	1.07
Wheat (CBOT)					
May 98	1.10	1.08	1.09	+0.01	1.09
Jul 98	1.08	1.06	1.07	+0.01	1.07
<b>Metals</b>					
GOLD (COMEX)					
May 98	312.00	311.00	311.50	+0.50	311.50
Jul 98	311.00	310.00	310.50	+0.50	310.50
SILVER (COMEX)					
May 98	4.10	4.05	4.08	+0.03	4.08
Jul 98	4.05	4.00	4.03	+0.03	4.03
<b>Oil</b>					
WTI (NYMEX)					
May 98	18.50	18.40	18.45	+0.05	18.45
Jul 98	18.40	18.30	18.35	+0.05	18.35
<b>Stocks</b>					
DAX (EUREX)					
May 98	1,790.00	1,780.00	1,785.00	+5.00	1,785.00
Jul 98	1,780.00	1,770.00	1,775.00	+5.00	1,775.00

## Friday's 4 P.M. Close

The 300 most traded stocks of the day, up to the closing on Wall Street. The Associated Press.

Stock	High	Low	Latest	Chg
IBM	125.00	124.00	124.50	+0.50
Microsoft	105.00	104.00	104.50	+0.50
Apple	115.00	114.00	114.50	+0.50
Oracle	125.00	124.00	124.50	+0.50
Sun	115.00	114.00	114.50	+0.50
HP	115.00	114.00	114.50	+0.50
Motorola	115.00	114.00	114.50	+0.50
Intel	115.00	114.00	114.50	+0.50
Northern Telecom	115.00	114.00	114.50	+0.50
WorldCom	115.00	114.00	114.50	+0.50

Stock	High	Low	Latest	Chg
Boys	115.00	114.00	114.50	+0.50
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Stock	High	Low	Latest	Chg
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Stock	High	Low	Latest	Chg
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Boys	115.00	114.00	114.50	+0.50
Boys	115.00	114.00	114.50	+0.50
Boys	115.00	114.00	114.50	+0.50
Boys	115.00	114.00	114.50	+0.50

Source: Bloomberg, Reuters, AP

## The Post-Profit Blues Descend on Wall Street

Compiled by Our Staff From Dispatches

NEW YORK — Stocks fell Friday as profit-taking intensified with the winding down of the earnings-reporting season and a lack of encouraging prospects on the near-term horizon.

The Dow Jones industrial average closed 78.71 points lower at 9,064.62, while the Standard & Poor's 500 index ended 11.68 points lower at 1,107.90.

Losing issues outnumbered gaining ones by a 5-to-2 ratio on the New York Stock Exchange.

Selling also was triggered when the chief investment strategist at J.P. Morgan & Co. told clients to cut

## U.S. STOCKS

back on their exposure to the stock market. Instead, said Douglas Cliggett, more money should be put into bonds and cash.

"We don't think the wonderful bull market is over, but we think we're in for a pause," Mr. Cliggett said. "First-quarter earnings are coming in above deflated expectations, but only slightly higher than year-earlier levels."

Mr. Cliggett told clients to cut stocks in a model portfolio to 50 percent from 60 percent and to raise bonds to 35 percent from 30 percent. His comments helped lift Treasury bond prices. The benchmark 30-year issue rose 14/32 point, to 102 14/32, lowering the yield to 5.95 percent from 5.98 percent Thursday.

Walt Disney led blue-chips lower, falling 2 1/4 to 121 9/16 as investors took profits after steep gains Thursday, when the entertainment company announced better-

than-expected earnings and a 3-for-1 stock split.

Microsoft fell 2 1/4 to 92 1/4 as reports that U.S. antitrust officials were mounting a new investigation of the software giant's competitive practices against Netscape. The reports said Microsoft had pressured Netscape into selling Internet browsers that would be compatible only with operating systems other than Windows.

Netscape rose 1 1/16 to 25 1/4. Gateway 2000 rose 7/8 to 58 1/4 a day after the personal-computer maker said its first-quarter net profit rose to \$75.9 million from \$67.5 million a year earlier.

Hewlett-Packard rose 8 1/16 to 74 1/16 on optimism that its printer and personal-computer businesses would thrive even as excess inventory and price cuts hurt competitors.

Infoseek rose 2 1/16 to 31 1/4 after the Internet guide company reported a substantially smaller-than-expected loss for the first quarter.

Vivus rose 1 1/4 to 12 3/4 on expectations for the company's new anti-impotence treatment to benefit from a "coattail" effect of Pfizer's new anti-impotence pill, Viagra.

Corrections Corp. of America fell 1 1/4 to 24 1/4 after the prison operator was sued by a stockholder who said a planned sale of the company to CCA Prison Realty would not provide fair value for its shares.

Philip Services fell 1 1/4 to 17 1/16 after the metals-processing company said its 1997 financial statements "did not properly reflect the results of transactions in the company's copper operations" and understated its liabilities by about \$30 million. (Bloomberg, Reuters, AP)

## AMEX

Stock	High	Low	Latest	Chg
AMEX	115.00	114.00	114.50	+0.50
AMEX	115.00	114.00	114.50	+0.50
AMEX	115.00	114.00	114.50	+0.50
AMEX	115.00	114.00	114.50	+0.50
AMEX	115.00	114.00	114.50	+0.50
AMEX	115.00	114.00	114.50	+0.50
AMEX	115.00	114.00	114.50	+0.50
AMEX	115.00	114.00	114.50	+0.50
AMEX	115.00	114.00	114.50	+0.50
AMEX	115.00	114.00	114.50	+0.50

## U. S. STOCK MARKET DIARY

Index	High	Low	Latest	Chg
Dow Jones	9,064.62	9,050.00	9,064.62	-78.71
S&P 500	1,107.90	1,100.00	1,107.90	-11.68
Nasdaq	2,107.90	2,100.00	2,107.90	-11.68
AMEX	114.50	114.00	114.50	+0.50

Index	High	Low	Latest	Chg
Dow Jones	9,064.62	9,050.00	9,064.62	-78.71
S&P 500	1,107.90	1,100.00	1,107.90	-11.68
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AMEX	114.50	114.00	114.50	+0.50

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AMEX	114.50	114.00	114.50	+0.50

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Nasdaq	2,107.90	2,100.00	2,107.90	-11.68
AMEX	114.50	114.00	114.50	+0.50

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Dow Jones	9,064.62	9,050.00	9,064.62	-78.71
S&P 500	1,107.90	1,100.00	1,107.90	-11.68
Nasdaq	2,107.90	2,100.00	2,107.90	-11.68
AMEX	114.50	114.00	114.50	+0.50

Index	High	Low	Latest	Chg
Dow Jones	9,064.62	9,050.00	9,064.62	-78.71
S&P 500	1,107.90	1,100.00	1,107.90	-11.68
Nasdaq	2,107.90	2,100.00	2,107.90	-11.68
AMEX	114.50	114.00	114.50	+0.50

Source: Bloomberg, Reuters, AP

Germany and France Report Low Inflation Pressure to Lift Rates on Ex...

Kia Profit Rises 59% on Network Sales

Sales

WORLD STOCK MARKETS

May 24

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Profit Blues  
on Wall Street

# Germany and France Report Low Inflation

## No Pressure to Lift Rates on Eve of Euro

**Bloomberg News**  
FRANKFURT — Inflation in Germany and France remains in check, reports showed Friday, suggesting that central banks will be in no hurry to raise interest rates as European currency union nears.

French consumer prices rose 0.2 percent in March and climbed 0.2 percent from a year earlier, in line with expectations. In Western Germany, a preliminary report showed that the cost of living had risen a less-than-expected 0.2 percent in the month to mid-April and 1.3 per-

# Nokia Profit Rises 59% on Network Sales

Compiled by Our Staff From Dispatches

**HELSINKI** — Nokia Oy said Friday its first-quarter profit surged 59 percent as the Finnish company introduced new mobile phones and demand for its networks soared.

The company earned 2.3 billion markkaa (\$422.8 million) before taxes in the quarter, as sales rose 31 percent to 14.8 billion markkaa. Growth was fastest for its mobile telecommunications infrastructure operations, whose sales increased 42 percent to 5.2 billion markkaa.

Nokia said the slowdown in Southeast Asian economies had held back sales growth. The company sells a quarter of its goods in the region, mostly in China, which has been less affected by the turmoil.

Sales for its Nokia Mobile Phones handset business grew 29 percent to 8 billion markkaa, with growth accelerating toward the end of the quarter on seasonal demand and introduction of new digital models.

Nokia said China overtook the United States as its top single market as sales continued to grow strongly in mobile telecommunications infrastructure and handsets. But the U.S. business also looked robust as new subscribers chose digital over analog technology, which works to Nokia's benefit. Nokia shares rose 9 markkaa to 359.

(Reuters, Bloomberg)

cent in the year, as retailers absorbed most of a sales tax increase instead of passing it on to consumers.

"These figures confirm our view that Germany and France don't need a rate increase until the fourth quarter," said Ulrich Beckmann, an economist at Deutsche Bank AG.

Tame inflation in Europe's two largest economies makes it easier for the Bundesbank and the Bundesbank to resist pressure from their faster-growing neighbors to raise interest rates before the European common currency makes its debut on Jan. 1.

Interest-rate futures contracts show investors expect the euro to start with short-term rates around 4.08 percent. The French and German target money market rates are both at 3.30 percent.

The power of national central banks to set interest rates for their economies will be assumed by a European central bank on Jan. 1, when nations tie exchange rates together irrevocably and form the euro.

Consumer prices rose less than expected in Germany in spite of the fact that the government had raised the rate of value-added tax by one percentage point to 16 percent on April 1. The tax increase lifted the price of goods such as cars, furniture and washing machines.

French consumer prices were boosted in March by a 3 percent rise in clothing and shoes from February as retailers introduced a new range of goods after the end of the sales period. Inflation has been kept down by falling commodity prices and stiff competition in retailing.

# Sales Incentives Lift Fiat

Bloomberg News

**TURIN** — Fiat SpA, Italy's largest carmaker, said Friday that pretax profit in the first quarter rose 32 percent, bolstered by government incentives to buy new cars and by strong truck sales, which offset declines in car sales in its largest foreign market, Brazil.

Fiat, also Italy's largest industrial company, said its first-quarter pretax profit was 655 billion lire (\$368.4 million), up from 495 billion lire a year earlier. Operating profit rose to 545 billion lire from 450 billion lire.

The company said its car sales rose 7.1 percent in the first quarter, to 12.7 million lire. Even so, Fiat Auto's operating profit fell to 16 billion lire from 136 billion lire a year earlier.

# EUROPE



**CRUISING** — The Meyer shipyard at Papenburg in northwestern Germany. The company announced contracts Friday valued at 2 billion Deutsche marks (\$1.12 billion) to build four luxury ocean liners, two for delivery to Asia and two for Royal Caribbean Cruises Ltd.

# British Companies Won't Shun Euro

Agence France-Presse

**LONDON** — Major British companies are planning to pay their European suppliers in euros from the start, even though Britain is keeping out of the single currency when it is launched in January.

Although Britain will not abandon its pound for the euro until 2002 at the earliest, the international nature of trade means that the euro will be common currency in the boardrooms and accounting departments of large companies, such as British Steel PLC.

Ian Fletcher, economist for the British Chambers of Commerce, said many companies needed to be able to operate easily in the euro as a marketing and efficiency measure.

"There are a number of businesses that are worried they're going to miss out in the early years of the euro as things are consolidated in Europe and that if they don't make a move now, they'll be left out," he said.

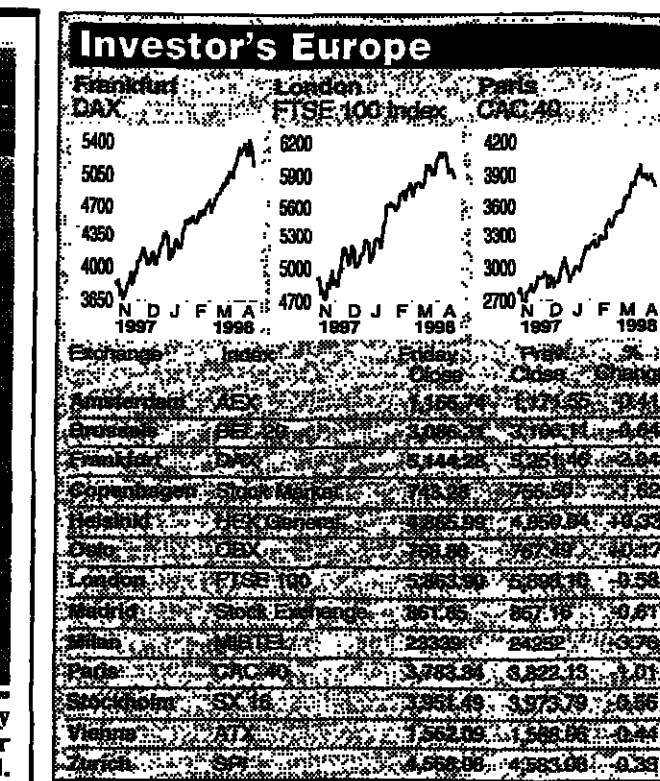
British Steel, which gets much of its income from Europe, said this week that it planned to pay suppliers in Britain, Australia and Brazil in euros, although it would not force them to accept it.

The company, which is one of Britain's main exporters and has been hit by a 30 percent rise in the pound against the Deutsche mark, hopes to insulate itself from additional foreign-exchange costs by using the euro.

Imperial Chemical Industries PLC of Britain, said it would pay suppliers in euros when they requested it.

"We will be fully capable from next year of paying them in euros," said Peter Everett, a spokesman.

"We pay them in the currency that they've invoiced."



# Very briefly:

- Pearson PLC sold its British and French consumer-publishing units to Apex Partners & Co., a venture-capital company, for £142 million (\$236.4 million).
- Tulip Computers NV filed for court protection from creditors amid mounting losses and production problems.
- Diageo PLC, the world's biggest beverage company, said it might have to sell six brands from its United Distillers & Vintners spirits unit. The company would not name the units or comment on their possible sales value.
- Britain's economy grew at a preliminary rate of 0.4 percent in the first quarter, its slowest rate in three years, the Office for National Statistics said.
- Carrefour SA said it expected profit growth to slow this year to about 8 percent from 16 percent last year because of weakness in the economies of Asia and Brazil.
- France Telecom SA and Deutsche Telekom AG said France Telecom's chairman, Michel Bon, would be named to the supervisory board of Deutsche Telekom, while his German counterpart, Ron Sommer, would be nominated to the France Telecom board.

# GUS Says It Won Battle for Argos

Reuters

**LONDON** — Great Universal Stores PLC claimed victory Friday in its £1.9 billion (\$3.16 billion) hostile bid for the catalog shopping company Argos PLC.

Great Universal, the largest home-shopping company in Britain, said it had received acceptances for 58.05 percent of Argos's shares and that others were being counted. Great Universal's shares rose 42 pence to close at 856. Argos rose 37 pence to 645.

# WORLD STOCK MARKETS

Friday, April 24

Prices in local currencies.

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Stockholm

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**Friday's 4 P.M. Close**  
The 2,600 most traded stocks of the day.  
Nationwide prices not reflecting krle trades elsewhere.  
*The Associated Press.*

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# China Bans the Door-to-Door Seller

Citing 'False' Ads, Beijing Acts to Shield Its 'Immature' Consumers

Compiled by Our Staff From Dispatches  
BEIJING — China has slammed the door on the Avon lady with a ban on direct selling, threatening a new trade dispute with the United States ahead of a visit by President Bill Clinton.

"We have ceased all direct-sales operations indefinitely," an executive in China

of Avon Products Inc. said Friday. The ban on direct sales was announced Tuesday. It threatens hundreds of millions of dollars of investments by Avon and other companies, including Amway Corp., Sara Lee Corp. and Mary Kay Corp.

The senior U.S. trade representative, Charlene Barshefsky,

sky, appealed to officials in Beijing on Thursday to lift the ban. She was turned down. The Chinese State Council, or cabinet, ordered companies engaging in direct selling to wind up their businesses or apply for licenses as conventional retailers by Oct. 31.

"Due to immature market conditions, inadequate legislation and immature consumer psychology, direct sales have proved unsuitable for China and thus must be resolutely banned," the People's Daily newspaper said Thursday.

It said many companies had waged "false publicity campaigns" and lured consumers into buying "excessively high-priced" goods.

The State Administration for Industry and Commerce has registered 518 direct sellers, domestic and foreign, but unofficial figures indicate there are at least 1,500 other businesses operating illegally and employing 1.5 million salespeople, the China Business Times reported.

Amway's director of international affairs, Richard Holwill, acknowledged abuses in the industry, including chain letters, pyramid selling and other get-rich-quick schemes. "We recognize and accept the government's need to crack down on the fraud and abuse that has taken place, particularly in the countryside," he said.

But he added: "We think it is inappropriate and unfortunate to lump direct selling in with pyramid schemes. The guy who's skipped town and left some poor peasant penniless is the guy they've got to

crack down on." The plight of the major U.S. direct sellers highlights a familiar concern of foreigners doing business in China: They have little protection against wild swings in the commercial environment.

Amway Asia Pacific Ltd. has invested \$100 million in China and employed more than 80,000 core staff, Mr. Holwill said. Its sales here last year reached \$178 million.

Mary Kay Corp., a direct seller of cosmetics, has 8,000 saleswomen in China and had sales of \$22 million last year.

Avon, the first direct seller to enter China, has invested more than \$90 million and had sales last year of \$75 million.

Mary Kay said it had already changed its methods. In northern Chinese cities, the company has set up counters at department stores as an alternative to knocking on doors. It also contended that its sales technique did not strictly fall under the definition of the banned activities.

Amway said it would change its distribution and service systems to abide by the new rules, but it did not say exactly how.

Ban or no ban, the door-to-door salespeople, mostly women, are watching their earnings fall as insecurity related to China's economic reform drive is cutting into consumer spending. Layoffs at state-owned companies are also expected to cut into the direct sellers' customer base.

"Everybody is worried," said Wu Yinglian, 45, who left her job as a music teacher to sell for Mary Kay. (Reuters, Bloomberg)



U.S. trade envoy Barshefsky, left, and Wu Yi, who oversees China's trade policy, Friday in Beijing.

## 'Momentum' Grows In China's WTO Bid

BEIJING — Talks with China on market-opening measures to smooth its entry into the World Trade Organization have picked up momentum, Washington's top trade negotiator said Friday.

But the U.S. trade representative, Charlene Barshefsky, said China could expect no favorable treatment in its entry discussions with the organization, saying any entry by Beijing would be "on terms compatible with the other 140 members."

After two days of negotiations in Beijing, she said: "I am quite pleased with the overall tone and seriousness displayed by my Chinese colleagues, and we have reestablished momentum."

The United States and other major trading nations have thwarted China's campaign to be admitted to the organization on relaxed terms that are offered to developing countries, arguing that China's economy and export volume are too big for it to be treated in that way.

## STUDY: Japan's Grim Outlook

Continued from Page 11

crash is going to be," he said.

The report arrives at a time of unprecedented global fear about the future of the world's No. 2 economy. After six months of hand-wringing and incremental measures that have failed to reassure the bearish markets or the anxious Japanese public, the government on Friday released details of the record package that it hopes will blast the economy out of recession by summer.

The United States worries that a prolonged slump in Japan, with an economy 6.5 times the size of China's, could stunt growth in Asia and dent the U.S. economy.

Already, Japan is shunning imports from stricken Southeast Asian nations and shipping America more and cheaper exports. Japan's imports from Asia fell 18 percent in February, while the U.S.-Japan trade imbalance surged 21 percent that month — a trend with potentially nasty political consequences.

Japanese officials say they now have the economy under control but are getting a drubbing from the pessimists in the world media.

A spin counteroffensive is under way. On Tuesday, the Foreign Ministry released a 52-page report defending Japan against charges by the U.S. government and others that it is doing too little to bring about an Asian recovery.

The report argues that Japan in no way contributed to the crisis and has handed out \$37 billion in aid — more than any other nation — since the turmoil began last year.

## Strong Profit Overseas Helps Nomura Avoid Loss

Compiled by Our Staff From Dispatches

TOKYO — Nomura Securities Co. was the only one of Japan's three biggest brokerages to post a group profit for the year to March 31 as strong overseas operations helped offset a scandal that cost it business at home. The brokerages released their results Friday.

Group pretax profit at Nomura, Japan's biggest brokerage, fell to 98.1 billion yen (\$753.7 million) from 165.5 billion yen the previous year.

Nomura, like Daiwa Securities Co. and Nikko Securities Co., lost commissions after the Finance Ministry penalized the three for paying off corporate racketeers. Nomura earned 229.5 billion yen from commissions last year, down from 317.4 billion the previous year.

But Nomura's European operations had a pretax profit of 71.6 billion yen, which helped to offset the loss of 8.2 billion yen posted by its non-Japanese Asian operations.

"Nomura's doing a much better job overseas than the other brokers," said Robert Garone of Dresdner Kleinwort Benson (Asia) Ltd.

Daiwa posted a group pretax loss of 13.2 billion yen in the year to March 31, compared with a profit of 49.9 billion yen the previous year.

Daiwa's Hong Kong affiliate said Friday that it had dismissed 76 people, or 34 percent of its staff, to cut costs amid Asia's economic crisis.

Nikko posted a group pretax loss of 61.8 billion yen, compared with profit of 28.5 billion yen the previous year. (Bloomberg, AFX)

## Retail Sales Skid In Hong Kong

Reuters

HONG KONG — Retail sales in February dropped 18 percent in value and 19 percent in volume compared with a year earlier, and the government said Friday that "regional financial turmoil" was the reason.

Compared with January 1998, retail sales in February were down 26 percent in both value and volume, the government said.

Government figures this week also showed a sharp rise in joblessness, with unemployment jumping to 3.5 percent in the first three months of 1998 from 2.9 percent in the December-February period.

## JAPAN: Latest Stimulus Plan Features Tax Cuts

Continued from Page 1

spend that money and revive the economy. An additional \$58 tax cut is scheduled for next year.

Domestic and international reaction to the economic stimulus plan is considered critical to the political survival of Prime Minister Ryutaro Hashimoto, who has been under increasing attack for his slow and deliberate handling of the economic crisis.

With elections for the upper house of Parliament scheduled for July, Mr. Hashimoto has been under growing pressure within the ruling Liberal Democratic Party to protect jobs and slow the increasing rate of bankruptcies.

The government has been struggling over the past two weeks to craft a package that would protect jobs, particularly in the construction industry, which provides more than 10 percent of the country's jobs, while satisfying market demands for economic reform.

The decision to cut taxes, even for two years, was a political gamble for Mr. Hashimoto. He faced strong pressure to reduce taxes from the United States and other foreign leaders as well as the Japanese business community. But within the Liberal Democratic Party, there was significant opposition, amid concerns that tax cuts would do little to spur growth.

A survey published Thursday by the Nihon Keizai Shimbun, Japan's leading business newspaper, found that 76 percent of those questioned said they would not increase spending if their taxes were cut.

Mr. Sakakibara said he expected the public-works spending to have a bigger impact on growth than the tax cuts. He said that the entire \$59 billion in public works would be spent this fiscal year, which ends March 31, 1999.

The bulk of the money will go for traditional public-works projects, such as bridges and roads. Money will also be spent on information technology and telecommunications.

## BLIKLE: A Polish Enterprise With Sweet Dreams of the Future

Continued from Page 11

rebuilt, and by 1946, A. Blikle was back in business. By rolling up his sleeves and occasionally rolling dough alongside the workers, Jerzy Blikle kept the Communists from nationalizing his shop.

"Of course, the fact that we supplied desserts to government receptions was not without significance," Andrzej Blikle said.

That was fortunate, because the Blikle bakers have maintained the skills that put their pastries alongside some of the best in Paris.

A. Blikle now produces more than 100 different kinds of pastries, from creamy layer cakes to eclairs and frosted poppy-seed loaves. But the icing on Mr. Blikle's eclair is its nationally famous *pauciki* (pronounced PAUNCH-key) — leavened donuts, deep fried in lard, filled

with jam, then frosted and sprinkled with bits of candied orange. They are a favorite at the end of Carnival, when A. Blikle can sell 15,000 in a single day.

Mr. Blikle said that he had invested about \$2 million in the business and that the privately held company made a 4 percent profit on its \$4 million in sales last year. He employs 240 people, six times as many as when he took over.

The ovens burn around the clock, and Mr. Blikle said he sells everything he makes. But if he expands the bakery much further, he said, he will not be able to maintain quality. Instead, he wants to keep the existing shops and café as a flagship and to expand into luxury packaged foods.

His first efforts consisted of marketing a French coffee brand with a "re- ing a French coffee brand with a "re- ing a French coffee brand with a "re-

made by an industrial bakery near Warsaw. Future products could include anything from jams and chocolates to pâtés and main dishes.

A. Blikle's brand recognition is the perfect tool. Thirty-eight percent of all Poles and 60 percent of city dwellers recognize the name. When a franchise opened in Lodz in 1991, shoppers lined up for hours to buy cakes shipped in from the Warsaw bakery. After 45 years of communism, Poles hunger not only for good food, but also for brand names with which they can identify.

Still, it was not easy to get started in 1991. Lacking the vast collateral required by local banks, Mr. Blikle sold 20 percent of the company to an émigré Polish banker, Piotr Pininski.

"My father would never have sold part of the business," Mr. Blikle said. "But I said the important thing is control."

## Very briefly:

• Hitachi Ltd. will take a charge of 117.5 billion yen (\$902.8 million) for the year ended March 31 against losses incurred in restructuring its microchip business and replenishing its pension fund. The top Japanese electronics maker will offset the loss with a 117.6 billion yen gain from the sale of securities.

• Japanese home-electronics sales in March fell 25.3 percent from March 1997 as declining housing starts and worries about jobs and wages depressed spending. The same factors also lowered supermarket sales, a barometer of consumer confidence, by 10.7 percent, the 12th straight monthly slide.

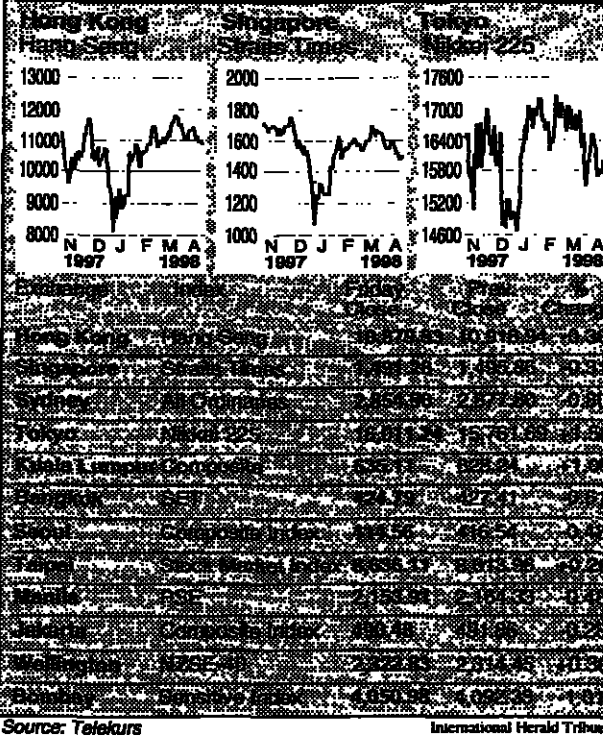
• Fuji Bank Ltd. and five other Japanese banks reported billions of yen in paper losses on their stockholdings for the year ended March 31, using new Ministry of Finance rules that allow banks to avoid taking actual losses on their portfolios in a falling stock market. The other banks are Daiwa Bank Ltd., Tokai Bank Ltd., Sumitomo Trust & Banking Co., Yasuda Trust & Banking Co. and Chuo Trust & Banking Co.

• South Korea will reopen two finance companies and may shut down a third in an effort to restructure its debt-ridden banking system. Daehan Investment Bank and Nara Merchant Banking Corp. will be allowed to resume operations May 1, while First Merchant Banking Corp. may close.

• PT Tambang Timah, operator of the world's largest tin mine, said first-quarter profit rose to 125.7 billion rupiah (\$15.7 million) from 26.4 billion rupiah a year earlier, lifted by the rupiah's 69 percent decline against the dollar. The Indonesian company books its sales in dollars.

• National Power PLC is in "advanced talks" to buy a stake in Malakoff Bhd., a Malaysian power generator, an executive at the British company said.

## Investor's Asia



Sources: Teikoku, International Herald Tribune



## SAFRA REPUBLIC HOLDINGS S.A.

LUXEMBOURG

NOTICE IS HEREBY GIVEN by the Board of Directors of the Company that the Annual General Meeting and an Extraordinary General Meeting of Shareholders of SAFRA REPUBLIC HOLDINGS S.A. ("SRH") will be held at the Hotel Royal, 12, Boulevard Royal, Luxembourg,

on May 13, 1998 at 11.00 a.m.

for the purpose of considering and voting on the following matters:

### I. Annual General Meeting

- Chairman's Statements
- Auditors' Reports
- Approval of the statutory annual accounts of the Company for the year ended December 31, 1997
- Approval of the consolidated financial statements of the Company for the year ended December 31, 1997
- Approval of the increase by US\$4,311,228 of the special reserve for common shares held in treasury
- Approval of the proposed distribution of a dividend of US\$3.26 per common share (US\$1.63 after the split) payable May 31, 1998 and carrying forward the balance of the profit
- Discharge of the Directors concerning their duties relative to the year ended December 31, 1997
- Re-election of the Board of Directors and of the Auditors for a new one year term. All the Directors are eligible and stand for re-election
- Authorization to the Board of Directors to allow the Company to purchase its shares in open market transactions to be held in treasury provided that the aggregate par value of shares repurchased shall not exceed 10% of its issued capital

### II. Extraordinary General Meeting

- Increase of the paid-up share capital from US\$89,155,060 to US\$178,310,120 by transfer of an amount of US\$89,155,060 from issue premium to paid-up capital. The par value of a common share increases from US\$2.50 to US\$5.00 per common share. The number of common shares remains unchanged
- Split effective May 31, 1998 by two of the newly fixed US\$ 5.00 par value per common share by exchange of one of these common shares for two new common shares with a par value of US\$2.50 per common share, thus increasing the number of authorized common shares from 200,000,000 to 400,000,000 and the number of issued common shares from 35,662,024, to 71,324,048, the issued share capital of US\$178,310,120 remaining unchanged; together with a waiver based on a report by the Board of Directors, of the preemptive rights to the newly authorized common shares
- Amendment of article 5 of the articles of incorporation to reflect resolutions II.1. and II.2. above
- Amendment of article 7 of the articles of incorporation which shall read as follows:

*The common shares shall be bearer, except as otherwise provided in this Article 7 and except in the case where a shareholder shall request otherwise. Except as otherwise provided in Article 28, shares to bearer being fully paid up shall not be subject to any restriction in respect to their transfer and shall be free of any charge.*

*Non voting preference shares issued or to be issued in the future by the Board of Directors within the authorized capital and all classes of shares other than common shares shall only be in registered form unless otherwise determined by the Board of Directors.*

*The Board of Directors may at any time impose such requirements, conditions, restrictions, limitations or prohibitions in respect of the issuance or transfer of registered shares, as may be, in its discretion, necessary or advisable for compliance with the securities laws of other countries, in particular of the United States or any rule or regulation promulgated thereunder.*

The Board of Directors

### NOTES:

Any shareholder whose common shares are in bearer form and who wishes to attend the Annual and Extraordinary General Meetings (the "Meetings") must produce a depositary receipt or present his common share certificates to gain admission.

A shareholder wishing to be represented at the Meetings must lodge a proxy, duly completed, together with a depositary receipt at the registered offices of SRH at 32, boulevard Royal, Luxembourg, not later than May 11, 1998 at 5 p.m. The shareholder may obtain the depositary receipt and, if required, the form of proxy, from any of the banks listed below by lodging the share certificates at their offices or by arranging for the bank by whom his certificates are held to notify any of the banks listed that shares are so held.

Any shareholder whose shares are registered will receive a notice of the Meetings at his address on the register, together with a form of proxy for use at the Meetings. The proxy should be lodged at SRH's registered office in accordance with the above instructions. The

remittance of the form of proxy will not preclude a shareholder from attending in person and voting at the Meetings if he so desires.

All the resolutions covered by the Agenda for the Annual General Meeting may be passed by a simple majority of all common shares represented at the Meeting.

All the resolutions covered by the Agenda for the Extraordinary General Meeting may be passed by a majority of two thirds of all common shares represented at the Meeting, the quorum being half of the shares.

Shareholders may obtain copies of the documentation listed below:

- This notice
  - The Chairman's Statements
  - The Auditors' Reports
  - The statutory annual accounts and the consolidated financial statements of SRH for the year ended December 31, 1997
- at SRH's registered office and from any of the banks at the following addresses:

- Banque Internationale à Luxembourg S.A., 69, route d'Esch, 1470 Luxembourg
- Republic National Bank of New York, 30 Monument Street, London EC3R 8NB
- Republic National Bank of New York (Suisse) S.A., 2, place du Lac, 1204 Geneva
- Republic National Bank of New York (Suisse) S.A., Via Canova 1, 6900 Lugano
- Republic National Bank of New York (Suisse) S.A., Paradeplatz 5, 8022 Zurich
- Republic National Bank of New York (Luxembourg) S.A., 32, boulevard Royal, 2449 Luxembourg
- Republic National Bank of New York (France) S.A., 20, place Vendôme, 75001 Paris
- Republic National Bank of New York (Monaco) S.A., 15-17, avenue d'Estérel, 98000 Monaco
- Republic National Bank of New York (Guernsey) Ltd, Rue du Pré, St. Peter Port, Guernsey, Channel Islands
- Republic National Bank of New York (Gibraltar) Ltd, Neptune House, Marina Bay, Gibraltar
- Union Bank of Switzerland, Bahnhofstrasse 45, 8021 Zurich

\* Paying Agents of Safra Republic Holdings S.A.



The 1,000 most traded National Market securities  
in terms of dollar value, updated twice a year.  
*The Associated Press.*

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**Friday's 4 P.M. Close**  
(Continued)

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**Poland: A Rush  
By Foreign Bulls**

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# Eastern Europe Emerges as an Opportunity for Aggressive Investors

By Peter S. Green

**F**ORGET THE Asian flu. While contagion fears sent many investors out of all emerging markets last year, the troubles that sank Asian exchanges had little effect on the fundamentals of the bourses of Central and Eastern Europe.

Western Europe's economies, meanwhile, are likely to grow in the months to come, many analysts said, noting planned introduction of a single currency for 11 European Union members. An expansion in the West could stimulate exports and economic growth in Central and Eastern Europe.

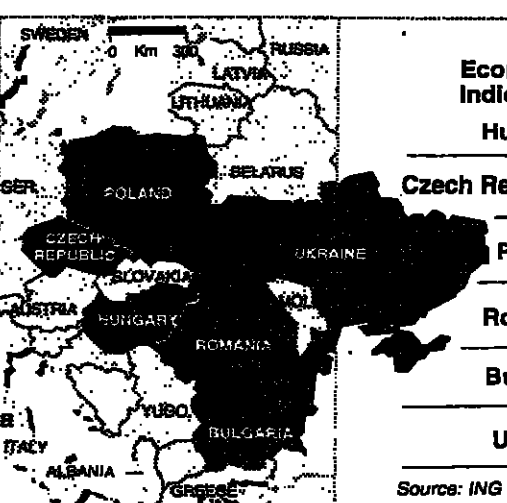
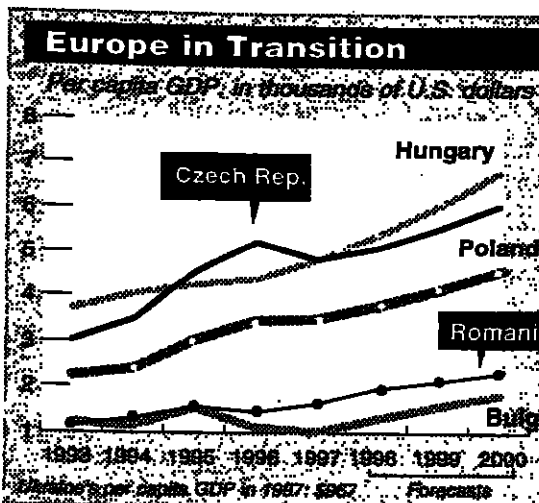
Investing on that basis is speculation. Still, markets in Eastern and Central Europe are rising, and there are other positive factors at play: The troubles in Asia have made those markets unattractive to many investors and Russia has lost its allure. This makes the emerging European markets, along with Latin America, obvious choices for investors who want to diversify beyond the established industrial economies.

So, how does a savvy investor decide which markets to bet on?

Ed Butchart, a strategist at Merrill Lynch & Co. in London said post-Communist industrial economies evolve through three phases.

The first is value investment, when investors first discover an economy. Resources may be cheap, but there is a high political risk that reforms may not come through in the near future and a large potential for macroeconomic shocks, including inflation and trade deficits.

As those risks diminish and if reforms stay in power, stocks become attractive. Substantial amounts of foreign capital flow into the countries, and the markets begin to perform well. Mr. Butchart calls this the transition-to-growth phase. For those who know what to look for, it can be the ideal season for stock hunting.



1997 Economic Indicators	GDP in billions of U.S. dollars	Unemployment rate in percent	Current account as percent of GDP	Real GDP growth in percent
Hungary	\$50.2	12.0	-2.0	4.5
Czech Republic	50.6	12.0	-6.2	4.5
Poland	135.9	12.0	-3.1	4.5
Romania	36.7	12.0	-4.1	4.5
Bulgaria	8.8	12.0	4.4	4.5
Ukraine	49.7	12.0	-2.3	4.5

Source: ING Barings; UN Economic Commission for Europe; International Monetary Fund

Once stocks reach fair value, compared with price-to-earnings ratios in developed markets, investors need an incentive to stay. Earnings growth is usually the key.

This takes time to deliver. Companies must restructure and do all the nasty things that that word implies: lay off workers; improve efficiency; develop new products, marketing and sales techniques; invest in equipment and dump Communist-era managers who cannot adapt. Until the whole process is well under way, there is rarely any visible earnings growth, largely because there are no profits.

Once the restructuring occurs, an economy enters what Mr. Butchart calls the growth-investment phase, when well-tuned companies pump out products and services, increasing their earnings and the value of their shares.

Mr. Butchart said Hungary had reached phase three, largely with the help of foreign direct and strategic investors, who own large stakes in most of the active issues on the Budapest Stock Exchange. Russia is toward the end of phase one, with its equities approaching fair

value and, with little restructuring under way, especially in the large energy-sector stocks, little growth in sight.

Poland is near the end of phase two. Many Polish corporations are only now being handed off to private investors.

Stuck deep in phase two with little signs of movement is the Czech Republic, where a voucher privatization plan pumped little cash into companies.

Countries that have not yet entered phase one include Romania, Bulgaria and Slovakia.

Investors considering the region might look at Poland, the largest economy outside Russia and the current favorite. Poland swallowed the pain of reform early, with mass layoffs, high inflation and vast budget cuts in 1990. Now it is reaping the rewards.

Under the tight reins of Finance Minister Leszek Balcerowicz, annual economic growth is expected to remain around 6 percent, while the budget deficit falls and the country expects single digit inflation beginning in 1999. Construction and car sales are booming, and

private consumption is rising even faster than production, as Poles become consumers.

Investment spending on infrastructure and machinery grew more 20 percent last year, and despite a rise in real wages and interest rates, Polish corporate earnings are holding their own, at an average of 4 percent of sales for companies with more than 20 employees. The Warsaw Stock Exchange has reflected this, rising 37 percent in local currency terms in the first quarter of this year.

Poland still has some hot potatoes to handle: mines and railroads are still in state hands and deep in red ink, and more than a quarter of the workforce is agricultural. On the corporate side, a quarter of the country's aggregate sales come from unprofitable companies.

The other star performer has been Hungary, where an economic boom has been led by companies sold to foreign investors.

ING Barings Securities said Hungary has probably the best mix of economic

factors of any emerging market. Export growth surged to 18 percent last year, and if that falters, private investment and consumer demand are expected to take up the slack, pushing economic growth as high as 4.5 percent this year. Economists expect inflation to fall to 14.5 percent, from last year's 18.3 percent, and the current account deficit should come in under 3 percent of gross domestic product this year, easing fears of economic overheating.

For equity investors, this potent macroeconomic cocktail should push markets higher, with earnings expected to grow 40 percent this year.

The Czech Republic has been the region's big disappointment. Political turmoil, a stock exchange that has virtually died because of opaque practices and insider dealing, unstructured corporations, banks that emptied their coffers lending to bad debtors and a collapse of consumer confidence pushed growth down to about 1 percent last year.

If Germany's recovery continues, it could pull some of the Czech economy

with it. But inflation is now headed for 12 percent this year and while earnings per share are expected to rise by about 30 percent this year, most Czech stocks are overvalued, trading at an average 14.7 times expected 1998 profit.

"We started with 1,700 listed stocks in this country and today I could recommend three to investors," a Czech broker said.

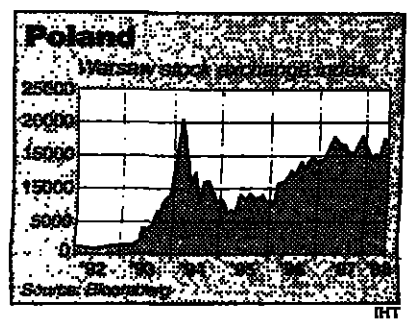
The only bright sign in Prague is the establishment in April of a new Securities Commission, whose chairman, Jan Muller, says he hopes to have cleaned up the market enough to attract foreign investors by 2003.

Bulgaria is trying its hand at market reforms. After a deep economic crisis that saw the country nearly collapse in 1996 and early 1997, a center-right government has put in place a serious reform package, pegging the local currency to the Deutsche mark.

"It's a great place to be," said Miroslav Singer, chief economist at Expandia Finance, an East European investment bank. "Macro stabilization was successful and you will have banks, utilities and the energy sector all coming up for privatization. Inflation's down, foreign trade has good results and the only thing holding it back is low liquidity. As a stock market in an already overpriced world, it has everything you could want."

Venture further afield, into Ukraine, say, or worse, Belarus, and there is no guarantee you will be able to hold on to your property. Ukraine, however, is an interesting case, if only because its post-Soviet economy nearly disappeared.

It remains an absurdly speculative play, but one that might interest die-hard contrarians. The economy has stabilized and is expected to grow 1 percent this year, which would mark the first expansion since independence in 1991. The country must convince investors and foreign donors that it is serious about reforming its economy, but if it does, early investors will reap substantial rewards.



## Poland: A Rush By Foreign Bulls

**I**NVESTORS IN Eastern Europe may have considered Poland a bad bet last year, but they have had a definite change of heart since February. After managing a feeble 1.1 percent return in 1997, the WIG, Warsaw's stock-market index, has taken off like a rocket this year, surging 25 percent as bullish foreigners poured cash into Polish stocks.

The rush is being driven by a confluence of factors, said Kris Bledowski, chief economist for the Warsaw office of the Wood & Co. brokerage. The trade deficit was less severe than had been feared last year, while economic growth was a robust 6.9 percent. Poland was also relatively untouched by Asia's crisis.

"It looked like a good moment to return to Poland," said Luca Parnigiani, portfolio manager for the \$130 million Vonotbel Eastern European Equity Fund, who boosted his Polish stake to a hefty 37 percent in December.

Like many investors, one of his favorite sectors is the country's construction industry, specifically Exbud SA, the largest builder in terms of sales volume, whose projects range from modernizing railroad stations to building a plant in Poland for Thomson SA, the French electronics maker.

Mr. Parnigiani also likes Exbud's expansion plans. Armed with a \$128 million war chest gained from issuing global depositary receipts last year, it is buying up rivals and forming joint ventures with companies in Hungary and the Baltic states.

Mr. Parnigiani also owns Agros Holdings SA, which makes jams and fruit juices. Agros, too, has been acquiring smaller competitors, and while this held down earnings through most of 1997, he sees profitability picking up this year. "Another thing we like in Agros is its sector," he added. "We think consumption stocks are a safe place to be."

Poland's strong entrepreneurial culture has also produced a burst of new listed companies — some decidedly listed companies — with potential. At Robert Fleming & Co. in London, Jerzy Tobolewski, who co-manages the Poland fund, says he is bullish on the Polish market.

Poland's 30 percent stake in Poland, he found some plays in flourishing has found some plays in flourishing has found some plays in flourishing

That is how investors for the past year, but analysts say now could be a good time to cautiously dip a toe in.

According to Albert Osterreicher of the Prague brokerage Osterreicher & Co., elections on June 19 and 20 "will not bring any surprises, even if the Social Democrats get into power."

"It's more than clear they won't take any major steps back from the transformation process," he added. "There's now a stable currency, a stable political scene and no really major economic problems, and the market is heavily undervalued."

Cynics might argue with the political

analysis, but a consensus is emerging that rich opportunities exist with stocks judged to be bargain prices.

While noting the market has an atrocious reputation, Stephen Petyer, Czech analyst at Merrill Lynch & Co. in London, said: "There are certainly some interesting valuations, especially among the banks. The question really is whether it's better to wait until closer to the election."

Choosing winners among the major players is tough going. The Czechs boast some of the biggest companies in Central Europe, and many seem cheap at current prices. But analysts such as Mr. Petyer said local giants such as the heavy manufacturer Skoda Plzen a.s. and the indebted chemicals company Chemopetrol Group a.s. have not done nearly enough restructuring.

"A lack of restructuring means a lack of earnings growth," Mr. Petyer said. "The question is whether these companies have an interest in pleasing minority shareholders. The answer is that they don't."

That leaves stock pickers searching for value among a handful of professionally managed, Czech-owned companies and among businesses with majority foreign ownership. Favorites include the monopoly phone provider SPT Telecom a.s.; Cokoladovny a.s., the candy company controlled by Nestle SA and Danone SA; and the brewer Praze Pivovary a.s.

Czech picks include the mobile-phone provider Ceske Radiokomunikace a.s., the equipment-maker CKD Praha Holding a.s., the coal-tar processor Deza Vlaske Mezirici a.s. and the builder Inzenyrske Prumyslove Stavy a.s.

For those with nerves of steel, there are opportunities in the fund sector, especially over the next six to 12 months. Ondrej Dalka, an analyst at the Czech investment bank Patria, said legislation likely to be passed by Parliament in coming weeks would substantially narrow the discount between funds' asset values and their stock prices.

Analysts stress the fund sector is a dangerous place for novices. But Mr. Dalka said the big banks' funds were reasonably safe. He cited the SPIC Ceske fund, owned by the national savings bank Ceska Sportelna.

For those who find the Czech market forbidding, there are also a number of Czech company funds and emerging-market funds with Czech exposure.

Caution is called for here, too. The Czech funds recently have produced some dismal returns. Funds that lost money 1 included Regent Kingpin Czech Value Fund, Fleming Czech & Slovak Investment Corp. and MC Bohemia Investment Co.

For investors seeking exposure to Czech blue chips in the belief that they are undervalued, Bohemia Investment and the more widely based Templeton Central & East European Investment Co. have substantial exposure.

Some general emerging-market funds with an element of Czech exposure have done better than the country funds. The \$300 million Central European Growth Fund managed by Credit Suisse fell by 10 percent over the past 12 months, but has notched up a 66 percent rise over three years. Baring Emerging Europe Investment Trust PLC, which has less regional exposure, rose 16 percent last year and 188 percent over three years.

— FRANCIS HARRIS

For further information:

- BARINGS EMERGING EUROPE TRUST. Telephone: 44 171 638 6000. Fax: 44 171 638 7923.
- CREDIT SUISSE CENTRAL EUROPEAN GROWTH FUND. Telephone: 44 171 426 2026. Fax: 44 171 426 2828.
- FLEMING CZECH & SLOVAK INVESTMENT TRUST.

Telephone: 44 171 638 5858. Fax: 44 171 282 4911.

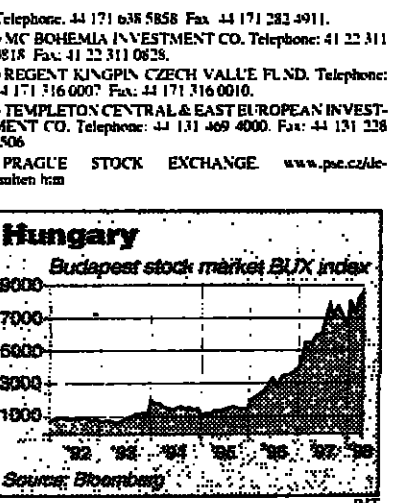
• MC BOHEMIA INVESTMENT CO. Telephone: 41 22 311 0618. Fax: 41 22 311 0628.

• REGENT KINGPIN CZECH VALUE FUND. Telephone: 44 171 316 0007. Fax: 44 171 316 0010.

• TEMPLETON CENTRAL & EAST EUROPEAN INVESTMENT CO. Telephone: 44 131 409 4000. Fax: 44 131 228 4906.

• PRAGUE STOCK EXCHANGE. www.pse.cz

Internet: www.pse.cz



## Hungary: Fruits Of Privatization

**E**MERGING MARKETS can fall out of fashion faster than clothing, so it is not necessarily reassuring to know that Hungary is currently a magnet for foreign money and unstinting economic praise.

Suspensions may deepen when one recalls that until last year, the Czech market was the darling of investors. That affair ended in acrimony when Westerners pulled out 12 months ago complaining of an unreformed economy and widespread theft and insider dealing. So is Hungary just the flavor of the month?

Not according to Charles Huebner, who manages the First Hungary Fund, a \$220 million U.S. venture-capital closed-end fund for institutional investors.

"The Hungarians are their medicine, and the Czechs didn't," he said. "I remember when everyone said the Hungarians were doing privatization the wrong way. But they stuck to it. Now firms which have systematically invested are seeing the fruits."

The fruits are also visible in the wider economy, where gross domestic product is growing at more than 4 percent a year, driven by exports. This allows the government to concentrate on fighting the inflation rate of 15 percent.

Yet this is not an easy time to invest in Hungary, fund managers said.

"The problem is that the market has done so well that some of the best-known firms are not as attractive any more," said Glenn Wellman, manager of Credit Suisse's closed-end \$300 million Central European Growth Fund. For 1997, he said, "we had 40 percent of funds in Hungary; now we've moved it down to about 32 percent."

Mr. Wellman said investors had over-concentrated on large-company stocks, such as MOL Magyar Olaj & Gazipari Rt., the energy company, and Gedeon Richter Rt., the pharmaceutical concern.

"It's an argument about valuations really," he said. "Now we need to look for overperforming smaller companies which have not been well-covered."

The improvement in Hungarian fundamentals does not fully explain the attraction of some stocks for foreign investors. Tom Chadwick, Hungary analyst at Merrill Lynch & Co. in London, said the market had been driven up in part by investors pulling out of Russia and looking for a new home for their cash.

Thus, the four most liquid stocks have seen the biggest gains and they are largely responsible for the modest overall rise in the Budapest Stock Exchange Index, which is up about 8

percent this year. OTP Bank Rt. has more than doubled this year; the chemicals maker Tiszai Vegyi Kombinat Rt. is up 42 percent; MOL has gained 27 percent; and Matav Rt., the telecommunications company controlled by Deutsche Telekom AG and Ameritech Corp., is up about 17 percent. The next 16 stocks by market capitalization have all fallen, by an average of 15 percent.

Merrill Lynch has been looking for imaginative alternatives to the big-caps. "We're suggesting that investors look at underperformers," Mr. Chadwick said. He said he liked Borsodchem Rt., a chemicals maker likely to benefit from falling oil prices.

Also on Merrill Lynch's list is Danubius Hotel & Spa Rt., which owns 5,700 rooms, or 30 percent of Hungary's supply. With a market capitalization of roughly \$212 million, Mr. Chadwick said, "that works out at about \$40,000 a room, well below the \$100,000-\$140,000 a room for three-to-five star West European hotel groups."

The mutual funds investing in Hungary tend to be regional, rather than country-specific. These include Credit Suisse's Central European Growth Fund, which has about 32 percent of its assets in Hungary; Flemings Flagship Eastern European Fund (31 percent); Templeton's Central & East European Investment Co. (30 percent); GT Global's Eastern European Fund (20 percent), and Barings Emerging Europe Trust (17 percent).

— FRANCIS HARRIS

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- BARINGS EMERGING EUROPE TRUST. Telephone: 44 171 638 6000. Fax: 44 171 638 7923.
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the Bulgarian Stock Exchange - Sofia.

One can only hope that history is not repeated: Bulgaria's old exchanges were neither regulated nor transparent. Trading volume fell like a stone, from an annual \$1.8 million in 1994, to \$1.2 million in 1995 and in 1996 — when a newly established Securities and Stock Exchange Commission started requiring listed companies to provide prospectuses — to an astonishing \$10,000. In October 1996, with Bulgaria's economic crisis worsening daily, trading was suspended.

Things are different today. Although there is only one company listed on the main exchange (Elkabel, a maker of electrical and telephone cables, with annual sales of \$10 million), the Unlisted Securities Market trades about 100 stocks, bringing daily volume on both markets — on a good day — to \$500,000. Over-the-counter trading is brisk.

The center-right government that came to power in elections last year has big plans for the bourse in the second wave of mass privatizations later this year. Shares in about 1,000 companies are to be made available to voucher holders (1,050 companies were sold in 1996).

Some of the most interesting companies that Bulgaria has to offer will be listed on the main bourse. Bulgarian Telecommunications Co., Neftochim, the state oil refinery, and Bulgartabak Holding, which comprises 25 tobacco concerns across the country, will be among them, as will be one of the country's biggest banks, Bulbank.

Although the government has yet to decide what percentage will be sold through the exchange and how much sold to strategic investors, analysts say the planned listings can only be good news.

"By the end of the year, there will be maybe 15 companies listed, of which five or six will be of considerable interest to foreign investors," said Milan Elezovic, East European analyst at Nomura International in London. "The companies will also provide a big boost to liquidity and market capitalization."

Throughout 1999, a further 25 or so companies are to be listed, bringing the total to 40. Included among these are expected to be the national electricity company and some of Bulgaria's 38 wineries; inexpensive yet good-quality wine is one of Bulgaria's undisputed export successes. Also expected are some of Bulgaria's investment funds, which came into existence after the first wave of mass privatization, but which, with a few exceptions, are cash-poor.

"Things are definitely beginning to happen," said Mr. Elezovic, who stresses that companies with successful export exposure have the biggest upside potential.

Less certain is whether this is a market that individual investors should consider. Mr. Elezovic acknowledged that it is risky.

Bulgaria's economic outlook is benign, with most of the government's reform plans on track and a currency board, established in July, holding firm and keeping a lid on inflation.

But a few months is a long time in the Balkans. One only need look at neighboring Romania's fall from grace to remember how a promising outlook can sour. If this happened in Bulgaria, with such a small market, it would immediately undermine values on the bourse. On the other hand, stocks are cheap.

"People who are aware of the risks but are prepared to make Bulgaria a small part of their portfolio should be O.K.," Mr. Elezovic said.

Continued on Page 19



available on Internet: <http://www.ihf.com/IHF/FUN/funds>

Quotations supplied by fund groups to Micropal Paris, t: 33-1 40 28 09 09, e-mail: [lhdata@micropal.fr](mailto:lhdata@micropal.fr)

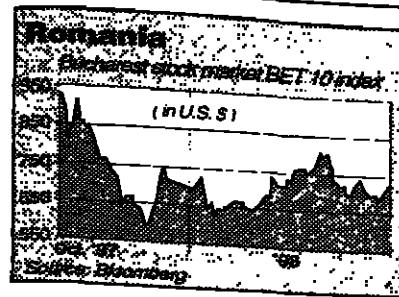
For information on how to list your fund, fax Katy Hourli at (33-1) 41 43 92 12 or E-mail: [funds@iht.com](mailto:funds@iht.com)  
 To receive the free daily quotations for your funds by E-mail: [subscribe@e-funds@iht.com](mailto:subscribe@e-funds@iht.com)

To receive free daily quotations for your funds by E-mail : subscribe at [e-funds@nl.com](mailto:e-funds@nl.com)

**THE**



## THE MONEY REPORT



## Romania: Hope For Rich Market

ROMANIA'S successive governments may not be able to make up their collective minds on the pace and direction of the country's economic reforms, but that has not stopped investors from finding rich pickings in the country's two stock markets.

The Romanian Association of Securities Dealers Automated Quotation System, an over-the-counter market based on the NASDAQ in the United States, and the mainstream Bucharest Stock Exchange have some choice buys, particularly among stocks in partially privatized companies.

Up until now, the market was moved by the country funds, which were buying Romanian blue chips, but now we hope that it's the coming privatizations which will move the market — but that's a hope not a fact, said Dan Barbu, managing director of the independent Bucharest Equity Research Group.

The blue chips consist largely of privatized industrial giants with significant export earnings. Mr. Barbu cited the cement-maker Romcim Bucharest, which is partly owned by Lafarge SA of France, the aluminum smelter Alro Slatina SA, the refrigerator manufacturer Arctic SA and Policolor SA, a maker of paints and dyes.

But the government's State Ownership Fund still owns a significant chunk of some large blue chips, and brokers complain about the fund. Oltechim SA has garnered mixed reviews by Western analysts after the state sold the plastics-maker some of the land under its plants. The government paid itself for the land in Oltechim shares that it valued significantly below their market price.

The move has investors concerned that the government will continue to ride roughshod over the rights of minority shareholders, especially as it faces growing budget and current-account deficits.

Mr. Barbu sees better — if speculative — pickings on the RASDAQ market. He suggested shares in medium-sized companies in which the state fund has announced plans to sell residual holdings of 20 to 40 percent. At Global Valori Mobiliare, the local subsidiary of the Turkish brokerage Global Securities (Global Menkul Degerler), Yavuz Uzey, the chief of research, is bullish.

"I don't think there's a downside in Romania," he said. "Whether there will be an upside depends on whether the government finally starts doing reforms and restructuring."

While there is a limited supply of quality large stocks available on the market, in his view there are still some blue chips that have potential for short-term profit, including Romcim and Azomures SA, a fertilizer company whose privatization was aborted last year. It reported bad results in 1997, but Mr. Uzey said he did not think they would be repeated.

Another play Mr. Uzey recommended was Romania's aging automaker, Automobile Dacia SA. At an average price of \$3,500, the company's 30-

year-old model, based on the defunct Renault 12, is the only car that most Romanians can afford. Sales are strong: The automaker's plant near Bucharest sold 81,000 cars in Romania last year, up from 68,000 in 1996, and it accounts for about 90 percent of the market.

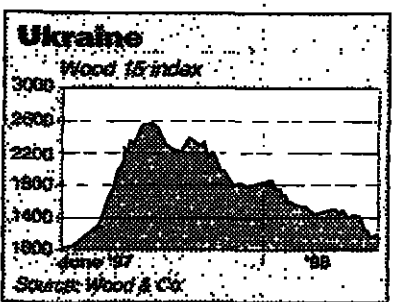
Harlan Zimmerman, manager of Foreign & Colonial Emerging Markets Ltd.'s Romanian Investment Co., one of only a handful of specialized closed-end Romania funds, warns individual investors against jumping into the country. "It's a market with fantastic potential," he said, "but it's likely to be realized only by professional investors who have the resources to do the research and to follow the market on a daily basis, using a microscope when necessary."

Besides the risks to foreign investors from lack of protection, local brokers often charge high commissions and see the market as a racetrack, betting on favorite horses or the mood of the day, rather than on well-researched corporate and macroeconomic fundamentals, Mr. Zimmerman said.

— PETER S. GREEN

## For further information:

MUTUAL FUNDS  
FOREIGN & COLONIAL ROMANIAN INVESTMENT CO. is a closed-end fund that trades in the U.S. under the ticker symbol FCRM. Contact: Trust Company by telephone at 41 71 628 1234 or by fax at 41 71 628 2387.  
BROKERS  
\*GLOBAL VALORI MOBILIARE, Telephone: 40 1 330 5097 Fax: 40 1 330 5094  
\*VANGLARD, Telephone: 40 1 332 6640 Fax: 40 1 332 6652



## Ukraine: Prices Can't Be Beat

LIKE ITS economy, Ukraine's equity market has been slow to get off the ground. That offers determined bargain hunters an opportunity to buy low, although when they might be able to sell high is another question.

Trading activity was minimal until last year, when what had been hyperinflation slowed down to price increases at annual rates in the teens. Many new, liquid companies, meanwhile, began trading, especially in the energy sector, as privatization got started.

Now there is a lively over-the-counter market that accounts for more than 90 percent of trading, plus four national exchanges. All told, more than 1,100 companies are traded, and many emerging stock strategists are bullish.

"Ukraine was the industrial powerhouse of the Soviet Union; that means there is a lot of heavy and light industry, as well as energy companies, worth looking at," said Daniel Butler, senior dealer with the Atlantik East brokerage in Kiev. "Things have a long way to go, but things are cheap, so it's a good time to come in."

Similarly, Isabel Knight, analyst with Credit Suisse Asset Management in London, said, "Price-wise, we feel this market is rock-bottom: the stocks are the cheapest in the region and there are some companies there."

There are currently estimated to be about 160 investment funds operating on Ukraine's markets and perhaps 30 additional foreign funds that have significant parts of their portfolios invested in the country. These include

offerings run by Societe Generale and Wood & Co., as well as the \$120 million (\$200 million) East Fund from Austria's Creditanstalt Investment Bank and the \$50 million New Ukraine Black Sea Fund, registered in Dublin and jointly run by Allied Irish Bank and Atlantik.

The recent performance of Ukraine's stock market has hardly been reassuring, due to the general downturn in investor sentiment toward emerging markets. Throughout 1997, however, the market performed strongly, rising about 80 percent in dollar terms, with the top five companies increasing an estimated 260 percent in value, according to the Wood 15 index.

The prospects for some economic growth this year — which would be the first time gross domestic product did not shrink since the country's 1991 independence — look reasonable, although the government forecast the expansion to be about 1 percent.

"We are optimistic because we feel the government has no choice," said Ms. Knight. "If it fails to push reform, the International Monetary Fund and other international institutions will walk away, leaving Kiev with a \$5 billion financing gap."

Ukraine is hardly a market for novices. Valuations are problematic, as most companies adhere to Ukrainian accounting standards. Getting accurate and up-to-date information is almost impossible. Although some of the larger brokerage houses publish their own research, equity analysis remains in its infancy.

Further problems concern the market's lack of transparency, liquidity, custody and currency issues. There is no independent share registration and minority shareholders are not properly protected. A perennial problem remains the government's inclination to change legislation, at short or with no notice, in response to domestic political pressures.

But for those determined to invest in the country, there are plays to consider. Mr. Butler says the regional electricity companies, 27 distributors and four generators, which are being privatized, are a good bet, as are at least three of the metal fabricators' stocks. One of these, Khartsovsky Trubny, is involved in a \$9 billion project supplying pipelines for the oil that is expected to come from Azerbaijan in the next few years.

The major play will be the national telephone company, Ukrtelecom, which the government is making into a corporation as a prelude to privatization, expected by early next year.

— JUSTIN KEAY

## For further information, call:

\*ATLANTIC EAST, 240 42 227 0001  
\*CREDIT SUISSE ASSET MANAGEMENT, 44 171 426 207  
\*EAST FUND, 241 52 45 45 (fax) contact Peter Sapiro  
\*NEW UKRAINE BLACK SEA FUND, 421 545 512 121  
\*SOCIETE GENERALE LADENBURG THALMANN  
FUND, 44 171 567 1000 (fax) both are in the running to establish funds later this year.

## A Risky Bet

Continued from Page 17

Nikolay Vassilev, an analyst with SBC Warburg in London, agreed.

"This market is going to become much more attractive: information flows are going to increase and regulations protecting investors are going to get tougher," he said. "And, not least, prices are going to rise."

— JUSTIN KEAY

## For further information:

BULGARIAN STOCK EXCHANGE-SOFIA, Telephone: 35 92 815 711 Fax: 35 92 815 706 Web site: www.bse.bg  
MULTI-AL FUND, With the market at such an early stage there are not many opportunities. Interested investors could contact Novartis International at 44 171 521 2000 or SBC Warburg at 44 171 567 1000 both are in the running to establish funds later this year.

## Where Have All the Sluggers Gone?

## Efficient Markets Take the Spotlight Off Superstar Managers

WHERE, OH WHERE, are the .400 hitters of yesterday? That is the title of a paper that Peter L. Bernstein, one of the great original minds in investing, delivered at an academic conference in Tucson, Arizona, earlier this month.

Mr. Bernstein, of course, was referring to baseball — a game in which someone who hits .400 (or four hits in 10 times at bat) is considered a superhero — but his real subject was the stock market, and his conclusion will bring us, eventually, to a wonderful innovation in the world of mutual funds.

But first, baseball. Mr. Bernstein notes that Stephen Jay Gould, in his book, "Full House: The Spread of Excellence from Plato to Darwin," reports two remarkable facts about batting averages over time.

The first is that during 127 years of data-gathering, the grand average of all players' averages have stayed little from .260. The average each decade since the 1870s has ranged from .245 to .288.

The second fact is that the .400 hitter has disappeared. In nine of the years from 1901 to 1930, at least one batter hit .400 (Ty Cobb and Rogers Hornsby did it three times). The 1930s saw a drought. In 1941, Ted Williams hit .406, but in the 56 years since then, not a single batter has broken .400, the Holy Grail of baseball — four hits for every 10 official trips to the plate.

Why no more .400 hitters? Certainly, batters are at least as skillful as they used to be. Athletes consistently break records in individual sports like track and swimming. For Mr. Bernstein, the answer seems to be "a fuller understanding of how to defend against the super-batters across the entire spectrum of nine players out in the field," from pitchers to shortstops to outfielders.

What on earth does this have to do with investing? Well, it is Mr. Bernstein's impression that the age of the super-investor — the .400 hitters of the stock market — is also over.

No successor to Peter Lynch (manager of the Fidelity Magellan Fund in its glorious heyday) has appeared on the scene," he says, "and even [Warren] Buffett's touch is not as magic as it used to be."

The reason that .400 hitters have vanished in the stock market is that "growing numbers of today's investors are sufficiently educated, sophisticated, and informed to block their way."

In his paper, Mr. Bernstein marshals considerable evidence to prove this proposition. He shows that from 1965 to 1982, Mr. Buffett's Berkshire Hathaway Inc. beat the market by an annual average

of 16 percentage points. Since then, it has beaten the market by an average of 9 percent — still terrific, but trending down, especially in recent years.

Using figures from Lipper Analytical Service, he found "a distinct narrowing of the spread between the top performers (among U.S. mutual funds) and the S&P 500 since the early 1980s." From 1960 to 1981, for example, the funds that ranked in the top 20 percent whipped the market averages by 17.5 percent, but since then they have beaten the market by just 8.5 percent.

What does this mean to small investors? Simply that the best of the mutual-fund managers are those with, in

program that tries to mimic the Russell 3000 (a broad index of stocks) and perhaps get a slightly higher return. The other half — the active part — is directed by Mr. Siegel into 50 to 500 stocks that he believes "are poised to outperform the market dramatically."

He calls this a "powerful framework" — and he is right. It certainly meshes with Mr. Bernstein's analysis. Mr. Siegel, like TIAA-CREF's other managers, does not have the hubris to believe he can vastly outstrip the market, but, with good choices, he thinks can perhaps beat it by a few percentage points, with lower risk. That is what a smart investor should seek in a fund.

Mr. Siegel ran up an impressive record managing

## JAMES GLASSMAN ON INVESTING

Mr. Bernstein's words, "impressive investment sophistication and discipline, who employ high-level forms of information and analysis, who execute their transactions with deep respect for the efficiency of the market, and who focus on risk management rather than trying to shoot the moon."

While trying to find hot hitters remains a delightful pursuit, investors are well advised to keep the bulk of their money in funds run by managers who know they will never bat .400 — and do not risk shareholders' money trying.

Which brings me to that wonderful innovation I mentioned earlier.

A pension system with a brilliant track record and a strategy that fits perfectly with Mr. Bernstein's findings has announced that it is opening six mutual funds to the general public.

The system is the Teachers Insurance and Annuity Association College Retirement Equities Fund, TIAA-CREF, founded in 1918, is non-profit and is the world's largest pension fund. It manages \$224 billion in retirement money for 2 million people at more than 8,000 colleges, universities and research organizations in the United States.

In the past, its investment vehicles were strictly annuities. But in September, it began experimenting with mutual funds, run by the annuity managers and open only to the families of TIAA-CREF investors. Earlier this year, the general American public was allowed to buy into the funds, in minimum amounts of just \$250.

The three stock funds — Growth Equity, Growth & Income and International Equity — use an elegant low-risk strategy. Some of their assets are invested in a "passive" way, some in an "active" way.

Jeffrey Siegel, who manages the Growth Equity Fund, said that roughly half the money in the fund constitutes an "index segment," run by a computer

past 10 years. His average annual return from 1994 to 1997 was 22.8 percent, compared with 20.1 percent for most popular global stock indexes and 19.9 percent for global funds, according to Lipper.

The managers of the growth-stock annuity racked up returns over the past three years averaging 31.6 percent, compared with 31.1 percent for the Russell 3000 and 27.9 percent for Lipper's growth-fund index.

Mr. Siegel is a bottom-up stock-picker. He chooses individual companies, not sectors. He focuses much of his attention on finding good chief executives, people with "integrity, who are aligned with shareholders." How does he find them? He travels, talks, pores over statistics. "A lot of it," he says, "is subjective."

While his fund has "growth" in its title, Mr. Siegel also looks for bargains. But, he said, "I wouldn't buy a cheap stock of a company run by a terrible management team."

He was happy to buy Intel Corp. as a value stock for his international fund in 1996 at a price-to-earnings ratio of 11, and he has kept it as a growth stock with a P/E of 21. (As of Dec. 31, Intel was Growth Equity's third-largest holding, after General Electric Co. and Coca-Cola Co. Other large positions include Procter & Gamble Co., Microsoft Corp., Pfizer Inc., Merck & Co. and Cisco Systems Inc.)

Like other TIAA-CREF managers, Mr. Siegel is a buy-and-hold investor. With annuity money, you have the luxury of waiting for a stock to rise on its own time; that same philosophy has been applied to the funds. "Great companies are not made overnight," he says, "but over the long term."

Washington Post Service

TIAA-CREF funds are available to U.S. citizens and residents only. For information, call 1 800 223 1200 from within the United States. U.S. citizens abroad can call 1 212 490 6000 and ask for the planning and service center. There is a website at www.tiaa-cref.org

## BRIEF CASE

## U.S. Blacks Wary Of Stocks, Poll Says

Affluent black people in America are more wary of the stock market than white people of similar incomes, preferring to invest in insurance and bonds, a recent survey found.

In a survey of households with annual income exceeding \$50,000, Ariel Mutual Funds and Charles Schwab & Co. found that blacks were wary of financial advisers and had a cultural preference for conservative investments.

Forty-six percent of the blacks surveyed consider real estate the best investment overall, while 50 percent of whites said stocks were the best vehicles for financial growth.

"There are very real barriers to increasing black investment in stocks and stock funds," said John Rogers, president of Ariel, referring to investments that typically have far greater returns than insurance policies or bonds.

According to the survey, just 57 percent of the blacks reported having any money in the stock market, compared with 81 percent of whites. The black households had an average of \$117,000 saved or invested in any type of account, while whites had \$224,000.

The survey also found a preference among blacks for banks, in which 41 percent put most of their money, compared with 35 percent of whites. Elsewhere, 26 percent of black households had the bulk of their assets in brokerage accounts or mutual funds, compared with 51 percent of whites, and another 26 percent of blacks preferred to in-

vest with insurance companies, as opposed to 10 percent of whites.

"African-Americans are preparing more for death than for life," said Melody Hobson, a senior vice president at Ariel. "We have a lot of comfort with insurance for some reason."

One reason may be distrust of financial advisers: 75 percent of the blacks surveyed said they could "never really know whether they can trust a financial adviser," while 84 percent said it was hard to choose a good professional.

## Vanguard Limits Primecap Funds

Vanguard Group is closing the Vanguard Primecap Fund to new investors for the second time in three years after the fund's assets ballooned to \$10.2 billion.

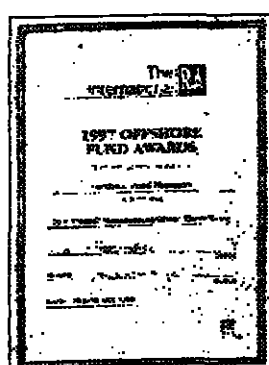
"While comfortable with the current size of the fund, we believe it's prudent to control future growth by curtailing the cash flow into the fund," said Vanguard's chief

executive, John Brennan.

Many fund managers are limiting the growth of their funds in order to avoid compromising their investment style. Fidelity Investments shut four popular funds in the past eight months, including the flagship Magellan Fund.

Primecap has risen at an annual rate of 26 percent over the past five years, ranking No. 13 of 297 "growth stock" funds tracked by Bloomberg Fund Performance. (Bloomberg)

## North Star The Top Fund Manager\*

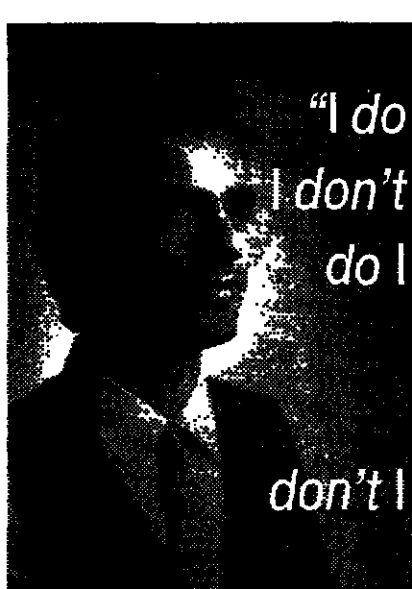


\*North Star was ranked No.1 Off-shore Fund Manager of 1997 for 3 years performance by the two FT publications. The International and Resident Abroad out of 104 International Fund Managers. North Star was also voted No.1 for 1995 and No.2 for 1996 by the same publications.

Further information: Websites with North Star prices/performance: www.ft.com www.lipperweb.com www.micropal.com www.iht.com

## North Star Fund Managers (Cayman) Limited

Cayman: Tel. 001 345 945 73 10 Fax 001 345 945 73 11 E-mail: nstar@andwky.com  
Spain: Tel. 00 34 952 46 44 77 Fax 00 34 952 46 43 86



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**WORLD ROUNDUP**

**Stadium to Reopen**

**BASEBALL** Yankee Stadium was scheduled to reopen Friday night after 11 days of repairs.

The Yankees have been shut out of their home field since April 13 when a 500-pound concrete-and-steel beam crashed onto seats on the third-base line about five hours before a game against the Anaheim Angels. No fans were in the ballpark at the time and no one was injured but the stadium was closed and the game postponed.

City inspectors were scheduled to make a final pass over the 75-year-old Bronx stadium before the game Friday evening against the Detroit Tigers.

The stadium mishap came at a time when the Yankees' owner, George Steinbrenner, has been negotiating with the city for a new stadium. This week, Mayor Rudolph Giuliani proposed using the revenue from a city business tax to help fund the construction of new stadiums. (AP)

**Chang Charges Ahead**

**TENNIS** In the second round of the U.S. Men's Clay Court Championships in Orlando, Florida, Michael Chang, the top seed, beat Franco Squillari of Argentina, 7-6 (7-2), 6-4. The No. 7 seed, Grant Stafford of South Africa, was upset by Marcio Carlson of Brazil, 6-4, 3-6, 6-2. (Reuters)

**Injured Colt Out of Derby**

**HORSE RACING** Event of the Year broke a bone in his right knee during a workout Friday and will miss the Kentucky Derby on Saturday. The horse's trainer, Jerry Hollendorfer, said the horse would undergo surgery Friday and that prognosis for a full recovery was good, but he said the colt would be out of action for about six months. Event of the Year is unbeaten in his first four starts. (AP)



Hal Sutton making a birdie on his way to a 7-under-par 65.

**Sutton Leads PGA Event**

**GOLF** Hal Sutton led after one round of the Greater Greensboro Chrysler Classic in Greensboro, Carolina. After a one-hour rain delay, the skies cleared and Sutton shot 7-under-par 65 — his best round of the season — for a one-shot lead over David Frost and Chris Perry. (AP)

**The Taxman Cometh**

**SOCCER** In a clampdown on the nonpayment of taxes by top clubs, Portuguese soccer officials ruled Friday that any team with tax debts would be relegated to a lower division.

The head of the Portuguese soccer federation, Valentim Loureiro, said that first-division Portuguese clubs owed a total of 11 billion escudos (\$61 million) in unpaid tax and social security.

The clubs must pay their debts, or reach an agreement with the government for payment by installments, by the end of May.

Benfica, which owes an estimated 6 billion escudos in taxes and on transfer deals, said Friday that the team had obtained a loan enabling it to pay its debts. (AP)

**Salaam Returns to Bears**

**FOOTBALL** Rashaan Salaam, the 1994 Heisman Trophy winner, was sent back to the Chicago Bears on Friday, canceling a two-day-old trade to the Miami Dolphins. Team officials said Salaam failed to pass the Dolphins' physical exam. (AP)



Richard Krajicek returning a shot to Petr Korda, the loser Friday in the quarterfinal at the Monte Carlo Open.

**No Cartwheels for Korda on Clay**

**Czech Fails Against Krajicek, and Sampras Is No. 1 by Default**

By Christopher Clarey  
International Herald Tribune

**MONTE CARLO** — There were no scissor kicks from Petr Korda on Friday. No cartwheels, either. This serious business of trying to become No. 1 is enough to weigh down even a bohemian spirit, and for the fourth time and tournament this season, Korda faltered with the virtual finish line in sight.

The Czech with the gravity-defying coiffure needed to reach the final at the Monte Carlo Open to become the 15th player to reach No. 1 since the men's computer rankings were initiated in 1973. Instead, he lost in the quarterfinals to Richard Krajicek, 4-6, 7-6 (7-1), 6-1.

The new No. 1 on Monday will hardly be new. Pete Sampras has finished the season in the top spot for the last five years and already has spent a total of 218 weeks on top — behind only Ivan Lendl's 270 and Jimmy Connors's 268. But this is the first time in Sampras's exemplary career that he becomes No. 1 by default.

Marcelo Rios, whose four-week reign will come to an end, is out of action indefinitely with strained tendons in his left elbow. Sampras hardly shone here in his absence, playing one of his most pitiful matches in memory, losing, 6-1, 6-1, to Fabrice Santoro in the third round and losing his serve a mind-bending five times in seven attempts. The five previous times Sampras took over the top ranking, he did so by winning a tournament.

"People don't understand the ranking system; it took me a couple of years to figure it out myself," Sampras said before heading back across the Atlantic to try and improve his clay-court fortunes next week in Atlanta. "The rank-

ing should come down to November. That's when the ATP Championships in Hannover come around: the last big tournament of the year. That's when you should really be talking about the ranking system. The way it works now, there could be four guys who are No. 1 by the end of the year. Hopefully, I'll be the last one standing in December."

The question is, does anyone truly deserve to be No. 1 on Monday? Rios has yet to win a Grand Slam event. Sampras is still the reigning Wimbledon champion but has struggled this season. Korda is the Australian Open champion but has failed to advance past the quarterfinals in any of his last five tournaments.

In Antwerp, Indian Wells, Key Biscayne and Monte Carlo, Korda fell short of No. 1 and has grown increasingly defensive, but hardly offensive, about the subject.

"What do you want in the answer from me?" he said to one of his interlocutors in his imperfect English. "If you want to change it, I'm not going to complain. You sit here, and I'm going to give you some questions."

"Really, let me play tennis. I think it's going to take care of itself," he added. "If I'm not going to make it, I can say, 'The guys, they were better than I am.' I'm putting my heart, my soul and my hundred percent into the game. If it's not working in the moment, what can I say?"

Korda had a good excuse on Friday. His back was sore: sore enough for him to withdraw from the doubles event after his loss to Krajicek. But then, the 30-year-old Korda has made an unfortunate habit of having lots of good excuses during an injury-riddled professional career filled with anti-inflammatories and

anti-climaxes. There have been two major groin injuries that had him seriously considering retirement, sinus problems and at last year's U.S. Open a case of the flu that caused him to default in the quarterfinals after upsetting Sampras.

"Probably, I'm not fortunate with the body like other people," he said. "I have very long fibers, long muscles. You get injured quite a lot. I was not having any problems for more than a year, except I had to have surgery on my nose. But since I came from Australia, I'm struggling with the back. Maybe I'm too old, but I don't think so. You know, these young guys talking about how bad I am. I want to see them one day turn 30. Then we can talk about it."

It was an ultimately unsatisfying day all around for the over-30 set in Monte Carlo. Boris Becker, the all-time great turned part-time threat, played fine attacking tennis in the first two sets of his quarterfinal against Alberto Berasategui, the most consistent clay-court star so far this season. But as the shadows lengthened on center court, so did the odds on a Becker victory, and he lost, 6-7 (4-7), 7-5, 6-1.

"I wish I would have been five years younger out there," the semiretired Becker said. "Still, it gives me a lot of self-confidence and belief that I'm doing the right thing at the moment. I'm not making a fool out of myself. I'm giving everybody a good run for their money."

This was Becker's first quarterfinal since last year's Wimbledon, where he announced he would not play any more Grand Slam events after 1997.

Since then, he has made a very slight modification: He now gives himself a 1 percent chance of playing another Slam.

**Auerbach Runs Rings Around NBA Coaches**

**At 80, Celtics' Legend Stays Competitive**

**International Herald Tribune**

**BOSTON** — "I wear the 1969 ring," Red Auerbach is saying around the cigar in his teeth. "It's the prettiest and the lightest."

He has more NBA championship rings than he has fingers and thumbs.

The Boston Celtics hadn't won anything before Auerbach began coaching them in 1950. In 1956 he traded for the collegiate center Bill Russell, and over the next 10 seasons the Celtics won nine heavy rings.

Auerbach then retired from the bench but retained his job as team president and hired Russell to replace him as coach. The Celtics won two more rings.

It followed that Auerbach drafted Dave Cowens as center and the Celtics won two more rings. Are you keeping count? Then he drafted Larry Bird a year early, exploiting a loophole in the rules, and the Celtics won another three rings.

That gives him 16 rings in all.

From 1957 through 1986, Auerbach's Celtics were winning a championship every second year, an unbelievable average.

"Russell wears this one, too," Auerbach says, exhaling smoke. "He wears this one and 1957 — his last one and his first one."

Auerbach is 80. He was born a dozen years before the Boston Garden was opened. At the moment, the Garden is being tortured slowly by demolition crews, one side wall shorn off completely so that you can look inside and see that the guts have been torn out. Memories are being exhumed.

Auerbach is doing quite a bit better than that. Competitive people like him — there aren't many — tend to live a long time. It's as if the body is merely a circuit, and the power, the ambition, surges through efficiently and cleanly without harming the major organs.

The values and the risks have shot up since those days. Now there are several players who are each worth more in dollars than the entire league was in the late 1950s.

So great is the pressure that most coaches feel the need to explain their decisions, to protect themselves with a measure of proof. That's why they surround themselves with people who study the game like law clerks.

To me, it's all television, it's all

**In America/IAN THOMSEN**

acting," Auerbach says. "The cigar incident started for this particular reason."

"I used to have a habit of lighting up a cigar when a game was over, in my mind, if we had a 20-point lead or whatever," he explains, as if nobody had ever heard of him doing this.

"It used to bug the hell out of me, seeing some of these coaches signaling and waving and all of that when, to me and to everybody else, the game was over. They did it for self-serving reasons, to show they were the boss, they were the coach — all of that crap."

"To me, the game was over. So I sat down and lit my cigar. You know, contented."

**THE** NBA playoffs started this week, and the story is the imminent retirement of Michael Jordan.

Over the next couple of months, he is going to be studied and treasured as if the entire sport might not be able to survive his absence.

In fact, Jordan is just a continuation of what Auerbach began when he traded for Russell 42 years ago. One great player gave way to another. In time, other clubs drew even with the Celtics. Auerbach was able to stay neck-and-neck with the Lakers and the 76ers.

When he stepped aside, so did the Celtics.

Auerbach keeps an office in the Celtics' headquarters across the street from the crumbling Garden. His office is like a museum. Surrounding him are dozens of framed photographs of his great players come and gone, but they've been hung up for the sake of his visitors. He doesn't seem to pay any attention to them.

At the moment, everybody else is looking at Jordan as if he is a kind of irreplaceable god. Auerbach maintains a stubbornly different point of view.

"Somebody some coach is going to do this," he says in the same slow-moving gait of a voice he has always had.

"Somebody during a playoff game, some coach is going to tell a player to go in and punch Michael Jordan right in the mouth. They're both going to be thrown out of the game, and then what is going to happen?"

As he talks, the ashes of his cigar are spilling onto his pink shirt. It's not often that you get to meet the real thing.

Ian Thomsen is a senior writer for Sports Illustrated magazine.

**Rockets Start Jazz Off on a Downbeat**

**The Associated Press**

One night into the National Basketball Association playoffs and two things are already clear: The Utah Jazz might not be invulnerable and the San Antonio Spurs' Tim Duncan might be even better than his reviews.

The Jazz put on a sloppy, dispirited performance before their home fans and heard a few boos as they were trounced, 103-90, by the aging Houston Rockets on Thursday night.

"This whole thing about Houston being old and being hurt, we swallowed that hook all the way down to the gills," Utah's coach, Jerry Sloan, said. "They out-coached us, outplayed us, and they deserved to win."

Utah started slowly, fell steadily behind and was down 21 entering the fourth period. The Jazz closed within eight midway through the fourth, but Greg Ostertag missed two free throws. Clyde Drexler scored at the other end and the comeback was over.

"I felt insulted by the way the so-called experts were predicting a sweep," said Houston's coach, Rudy Tomjanovich. "Our guys responded tremendously."

Drexler scored 22 points, including 15 in the second half. Kevin Willis added 18 points and 14 rebounds for the Rockets, who had six players score in double figures and hit 10 three-pointers.

"Everybody's going to say bad things about the Jazz, but I think we just played a hard, solid ballgame," said Charles Barkley, who had 12 points despite a her-

nia. "Anybody who thought we were dead? They're wrong."

**Spurs 102, Suns 96** Duncan was an unstoppable force in the fourth quarter as he scored 18 of his 32 points in Phoenix and showed why he will be the runaway rookie of the year. He displayed his offensive talents with a variety of moves inside and on the baseline, especially down the stretch when he made five baskets and two

**NBA PLAYOFFS**

free throws in a personal 12-6 run while being guarded by Hot Rod Williams, Phoenix's best big-man defender, and Antonio McDyess.

His first three field goals in the run gave the Spurs a lead each time. The third lifted San Antonio to an 88-87 edge with 4:46 remaining, and it was 94-89 when Duncan made a free throw nearly three minutes later.

"I started feeling good down the stretch there," said Duncan, who also grabbed 10 rebounds. "I'd been really defended well the whole game, and then I got some shots to fall, got some space on the court, and we started to move."

David Robinson had 26 points, 15 rebounds, 5 assists and 5 blocks for the Spurs, who mounted a comeback after trailing, 81-74, with 9:58 left.

**Pacers 106, Cavaliers 77** Youthful Cleveland was no match for an Indiana team back in the postseason after a one-year absence.

Cleveland trailed, 31-18, after the open-

ing quarter and Indiana led by at least nine points the rest of the way to improve to 26-0 this season when it scores at least 100 points.

"The bottom line is they beat us up in every aspect," said the Cavaliers' coach, Mike Fratello, who watched the Pacers shoot 69 percent (11 of 16) in each of the first two periods.

Chris Mullin, back in the playoffs for the first time since 1994, led the Pacers with 20 points, including four three-pointers.

Reggie Miller collected 11 of his 19 points in the first quarter, when Indiana took the lead for good.

**Hornets 97, Hawks 87** Some 6,000 to 7,000 empty seats did not have any adverse effect on the Hornets, especially Glen Rice.

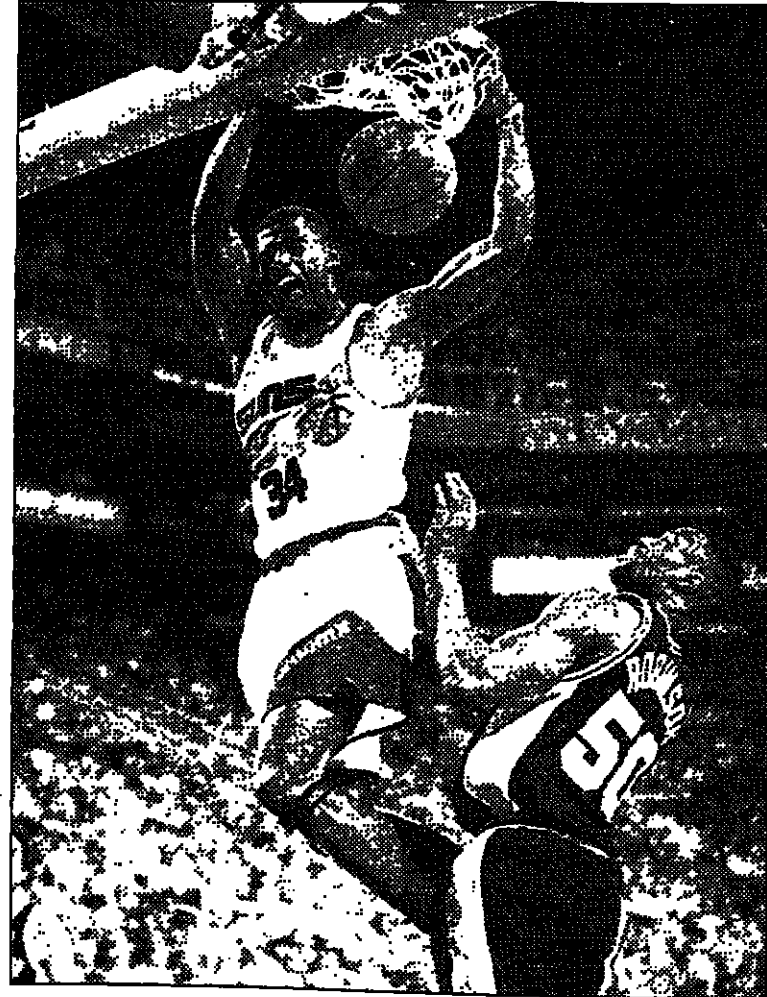
Charlotte's sharpshooter made 13 consecutive field-goal attempts during one stretch and wound up with 34 points on 15 for 19 shooting as the Hornets beat Atlanta for the first time in five attempts this season.

"We've always realized that we can beat this team," Rice said. "It's just a matter of us going out and playing our best."

The Hornets, who shot 59 percent, also broke a five-game postseason losing streak dating back nearly three years.

"We really blossomed. We just had the will to go out there and win," the Charlotte coach, Dave Cowens, said. "It's really great to win and make a statement."

Steve Smith hit 13 of 22 shots for Atlanta and wound up with 35 points, including 16 in the first quarter.



Antonio McDyess of the Suns scoring over David Robinson of the Spurs. Led by Robinson and Tim Duncan, the Spurs triumphed.

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سورة الفاتحة



SPORTS

# Cordero Returns Swinging

## But His Homer Can't Overcome Indians or Boos

The Associated Press  
Will Cordero is back, but the Chicago White Sox still have a way to go. Cordero homered on the first pitch he saw in a White Sox uniform, but pinch-hitter Jeff Branson hit a two-run triple in the eighth inning Thursday night to help the Cleveland Indians beat Chicago, 5-4. Cordero returned to the major leagues after pleading guilty to charges of beating his wife. He wasted no time showing

beating and threatening his wife, Ana, who has since given birth to their child. Released by the Boston Red Sox, he signed a \$1 million, one-year contract with the White Sox on March 23. "The guys received him well," Manuel said. "I think they embraced the player and the man."

Cordero was 1-for-4 and dropped a pop-up on the pitcher's mound for an error on his first chance in the bottom of the second inning.

"I was excited, yeah, but not nervous," said Cordero, who will have to learn to tune out boos in this comeback. "When I'm on the field, I concentrate on the pitcher."

**Devil Rays 12, Rangers 5** Mike Kelly homered twice and Jason Johnson earned his first major-league victory as the Devil Rays improved to 11-8.

Johnson (1-0), making his first big league start and his initial Tampa Bay appearance, blanked the Rangers on three singles before leaving in the sixth.

Bobby Smith homered, doubled twice and drove in three runs for Tampa Bay. Ivan Rodriguez and Lee Stevens homered for the Rangers.

**In National League games Thursday:** Padres 4, Cubs 1 Andy Ashby pitched eight scoreless innings in San Diego's victory over Chicago, and Ken Caminiti homered for the Padres, who improved to 16-4 and remained unbeaten in seven series this season.

Ashby (3-1) allowed seven hits, struck out four and walked one for the Padres.

**Brewers 2, Dodgers 1** Marquis Grissom hit a tie-breaking homer off Hideo Nomo in the seventh inning as Milwaukee beat visiting Los Angeles. Nomo (1-3) lost despite pitching a three-hitter.

Grissom broke a 1-1 tie with his second homer of the season. He also had an RBI single.

**Pirates 7, Giants 0** Francisco Cordova pitched a five-hitter in the first complete game by a Pittsburgh pitcher this season.



San Francisco relief pitcher Russ Ortiz covering home plate on a wild pitch as the Pirates' Turner Ward scored. Pittsburgh won the game, 7-0.

The crowd of 10,445 was the smallest to see the Phillies at Veterans Stadium since Sept. 9, 1992.

**Braves 3, Diamondbacks 1** Tom Glavine improved to 3-0 and Andres Galaraga snapped an 0-for-11 slump with a 415-foot homer for Atlanta.

Glavine, who leads the majors with a 1.00 earned run average, pitched seven strong innings to help the Braves win their third straight and eighth in nine games. He allowed one run on six hits, walked three and struck out five. Atlanta made it 3-1 in the bottom of the sixth when Galaraga hit his eighth homer of the season, off Willie Blair (0-4).

The Houston Astros-New York Mets game was postponed because of rain.

# Brunet Goal and Bad Aim

## On Penalty Save Montreal

The Associated Press  
Despite their often unpredictable play, the Montreal Canadiens overcame Stu Barnes's tying goal late in the third period and beat the Pittsburgh Penguins, 3-2, in overtime in their Eastern Conference series opener.

Benoit Brunet won the game Thursday night in Pittsburgh with a slap shot

at 18:43 of the extra period, giving the Canadiens a National Hockey League record 14th consecutive overtime playoff victory.

"That's pretty amazing — 14 in a row," said the Canadiens' center, Vincent Damphousse. "I was aware of that, and that's why we felt pretty good going into overtime."

But they would not have won if a backhandler by the Penguin rookie Alexei Morozov had not clanged off the right post at 1:44 into overtime. It was only the third playoff penalty shot — and second miss — in Penguins history.

Now, the Penguins are fighting history again: they have won only twice in the last six series in which they lost the first game.

"That's a tough, tough way to lose," Barnes said after Pittsburgh lost for the seventh time in its last nine playoff series openers. "To play that well and not win is tough."

The Penguins' coach, Kevin Constantine, could have picked from anyone on the ice to take the penalty shot, which was ordered after the defenseman Patrice Brisebois intentionally knocked the net off its moorings. Martin Straka initially lined up to attempt the shot, but Constantine called him back and selected Morozov instead.

"It was a tough call, and it was my call," Constantine said. "Alexei's been

great all year in practice doing those things. He's awesome at that stuff in practice."

It was not the best of starts for the overachieving, second-seeded Penguins team, which finished the regular season with a better record than last year. Then it had Mario Lemieux in the lineup; he retired in 1997.

But it was exactly the start the seventh-seeded Canadiens wanted, especially on the road.

"To get the first win and to play well in the first game is what I was looking for," Damphousse said. "We knew it was going to be a tight series, and you saw how it was very, very close and very defensive hockey."

Martin Rucinsky and Peter Popovic also scored for Montreal, while Brad Werenka scored shorthanded for Pittsburgh. The Penguins trailed 2-1 until Barnes got his stick on Jiri Sleg's shot in front of a crease crowded with players late in the third period and deflected it past Andy Moog.

"We made a great effort to come back and we still had a chance to win the hockey game," after the penalty shot, said the Penguins' captain, Ron Francis. "Now, we've got a big task ahead."

Of course, so does Montreal, which has not won a playoff series since it last won the Stanley Cup, in 1993.

"All you can do is put it behind you and try to get better the rest of the series," Barnes said.

**Blues 8, Kings 3** In St. Louis, Geoff Courtnall had a goal and five assists for a team-record six points.

Jim Campbell, Pierre Turgeon and Pavol Demitra each scored twice, and Brent Hull had a goal and three assists for the Blues, who also tied a team record with four second-period goals, sending a sellout crowd of 20,120 into a towel-waving frenzy.

# SCOREBOARD

## BASEBALL

### MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE				NATIONAL LEAGUE			
Team	W	L	Pct.	Team	W	L	Pct.
New York	14	6	.700	St. Louis	13	7	.652
Boston	12	8	.600	Kansas City	12	8	.600
Baltimore	12	8	.600	Chicago	12	8	.600
Tampa Bay	11	9	.550	Cleveland	11	9	.550
Toronto	8	12	.400	Minnesota	10	10	.500

### BASEBALL

#### CHICAGO WHITE SOX

W	L	Pct.	GB
14	6	.700	0
12	8	.600	2
11	9	.550	3
10	10	.500	4
9	11	.450	5
8	12	.400	6
7	13	.350	7
6	14	.300	8
5	15	.250	9
4	16	.200	10
3	17	.150	11
2	18	.100	12
1	19	.050	13
0	20	.000	14

#### ST. LOUIS CARDINALS

W	L	Pct.	GB
13	7	.652	0
12	8	.600	1
11	9	.550	2
10	10	.500	3
9	11	.450	4
8	12	.400	5
7	13	.350	6
6	14	.300	7
5	15	.250	8
4	16	.200	9
3	17	.150	10
2	18	.100	11
1	19	.050	12
0	20	.000	13

#### ATLANTA BRAVES

W	L	Pct.	GB
14	6	.700	0
12	8	.600	2
11	9	.550	3
10	10	.500	4
9	11	.450	5
8	12	.400	6
7	13	.350	7
6	14	.300	8
5	15	.250	9
4	16	.200	10
3	17	.150	11
2	18	.100	12
1	19	.050	13
0	20	.000	14

#### PHILADELPHIA PHILLIES

W	L	Pct.	GB
13	7	.652	0
12	8	.600	1
11	9	.550	2
10	10	.500	3
9	11	.450	4
8	12	.400	5
7	13	.350	6
6	14	.300	7
5	15	.250	8
4	16	.200	9
3	17	.150	10
2	18	.100	11
1	19	.050	12
0	20	.000	13

#### PITTSBURGH PENGUINS

W	L	Pct.	GB
14	6	.700	0
12	8	.600	2
11	9	.550	3
10	10	.500	4
9	11	.450	5
8	12	.400	6
7	13	.350	7
6	14	.300	8
5	15	.250	9
4	16	.200	10
3	17	.150	11
2	18	.100	12
1	19	.050	13
0	20	.000	14

## JAPANESE LEAGUES

### CENTRAL LEAGUE

Team	W	L	Pct.	GB
Hiroshima	11	6	.647	0
Chiba	10	7	.588	1
Yomiuri	9	8	.529	2
Hanshin	8	9	.471	3
Yokohama	7	10	.412	4
Yokohama	6	11	.353	5
Yokohama	5	12	.294	6

### PACIFIC LEAGUE

Team	W	L	Pct.	GB
Loft	10	7	.588	0
Kintetsu	9	8	.529	1
Daiichi	8	9	.471	2
Nippon Ham	7	10	.412	3
Saitama	6	11	.353	4
Orix	5	12	.294	5

### FRIDAY RESULTS

Team	Score	Team	Score
Chunichi 2	Hiroshima 5	Yomiuri 5	Hanshin 2
Orix 3	Daiichi 1	Saitama 4	Nippon Ham 2

### BASEBALL

#### NBA PLAYOFFS

Team	W	L	Pct.	GB
Atlanta	29	25	.538	0
Charlotte	28	26	.519	1
C. Smith	15	13	.538	2
C. Rice	15	13	.538	3
C. Rice	15	13	.538	4
C. Rice	15	13	.538	5
C. Rice	15	13	.538	6
C. Rice	15	13	.538	7
C. Rice	15	13	.538	8
C. Rice	15	13	.538	9
C. Rice	15	13	.538	10
C. Rice	15	13	.538	11
C. Rice	15	13	.538	12
C. Rice	15	13	.538	13
C. Rice	15	13	.538	14
C. Rice	15	13	.538	15
C. Rice	15	13	.538	16
C. Rice	15	13	.538	17
C. Rice	15	13	.538	18
C. Rice	15	13	.538	19
C. Rice	15	13	.538	20

## CRICKET

### SHARJAH CUP FINAL

Team	W	L	Pct.	GB
Australia	21	25	.452	0
India	20	26	.435	1
S.A. Africa	12	14	.464	2
S.A. Africa	11	15	.423	3
S.A. Africa	10	16	.385	4
S.A. Africa	9	17	.346	5
S.A. Africa	8	18	.308	6
S.A. Africa	7	19	.269	7
S.A. Africa	6	20	.231	8
S.A. Africa	5	21	.192	9
S.A. Africa	4	22	.154	10
S.A. Africa	3	23	.115	11
S.A. Africa	2	24	.077	12
S.A. Africa	1	25	.038	13
S.A. Africa	0	26	.000	14

### RUGBY

#### RUGBY UNION

Team	W	L	Pct.	GB
England	10	5	.667	0
France	9	6	.600	1
Wales	8	7	.538	2
Ireland	7	8	.464	3
Scotland	6	9	.400	4
Italy	5	10	.333	5
Spain	4	11	.269	6
Portugal	3	12	.200	7
Germany	2	13	.133	8
Belgium	1	14	.067	9
Netherlands	0	15	.000	10

#### RUGBY LEAGUE

Team	W	L	Pct.	GB
England	10	5	.667	0
France	9	6	.600	1
Wales	8	7	.538	2
Ireland	7	8	.464	3
Scotland	6	9	.400	4
Italy	5	10	.333	5
Spain	4	11	.269	6
Portugal	3	12	.200	7
Germany	2	13	.133	8
Belgium	1	14	.067	9
Netherlands	0	15	.000	10

### HOCKEY

#### NHL PLAYOFFS

First Period: M-Rubinsky 1 (Dampousse, Ulanov), (pp) Second Period: P-Weremka 1 (Slegel 1st), 3. M-Popovic 1 (Savage,



DAVE BARRY

## Oh, the Frisky Manatee

MIAMI — As a nature-lover, I enjoy seeing animals in their native wilderness habitat, provided that it is within 20 yards of plumbing and fast food. So recently I journeyed into the heart of the city of Miami (proud motto: "No Top Elected Officials Indicted So Far This Week") to see the wild manatees.

Manatees are large, benign, vegetarian creatures that spend their lives in the water, although they are mammals, just like whales, or dolphins, or human beings who have not graduated from law school. A full-grown manatee, which can weigh more than a thousand pounds, looks like the result of a genetic experiment involving a walrus and the Goodyear Blimp.

We are not talking about active, on-land animals here: We're talking about animals that generally display the same level of friskiness as the Chrysler building. A typical working day for a manatee might look like this:

10 A.M.-2:14 P.M. — Float.  
2:15-2:17 P.M. — Emit three to four blooping, aromatic bubbles of gas.

2:18 P.M.-Dusk — Continue floating.

This may not look productive, but it puts manatees in front of most branches of the federal government.

The manatees have pursued this lifestyle for eons, and things were going pretty well for them until the Earth's climate changed, allowing the emergence of one of the most dangerous forces in all of nature: the recreational motorboat. I used to do some recreational motorboating, and I can tell you for a fact that there are recreational boaters out there whose nautilus alertness is such that they would not immediately notice if they drove their boats into a shopping center food court.

So, boaters often hit manatees. Nevertheless, the manatees return, over and over, to the same boat-infested areas, because they are big believers in tradition, and also because, to put it diplomatically, if the animal kingdom were an elementary school, manatees would not be in the gifted class.

Fortunately, the manatees have friends, including a group called the Manatee Project. Kit Curtin, who works for this organization, offered to take me to see a group of manatees who hang out in one of the waterways that pass through downtown Miami, on the condition that I would not reveal where the hangout is. Kit wanted to keep it a secret because, aside from boats, the other big threat to manatees is the public.

It's a known fact that although the public is fine when taken individually, when it forms itself into large groups it tends to act as though it has one partially consumed Pez tablet for a brain. So when the public finds manatees, it often hassles them, or worse, it "helps" them by feeding them such foods as pizza.

The Secret Manatee Hangout turned out to be in what is sometimes called a "changing" neighborhood, in the sense of, if you were there alone at night, you would be changing your underwear often. There's a fair amount of criminal activity, although Kit told me that some of the criminal elements are quite protective of the manatees; when these elements are not threatening to kill people over drug deals, they are helping to preserve the planet's delicate ecological balance by threatening to kill people who hassle the manatees.

The day I visited the Secret Hangout, there were maybe 30 manatees, most of whom Kit has named. (They're easy to distinguish, because almost all of them have large, distinctive propeller scars: some of them also boast colonies of barnacles, which can easily latch on to a manatee because of their super-poor foot speed.)

They were following the standard manatee schedule, floating and blooping and thinking manatee thoughts, which I imagine would mostly be along the lines of: "Ahhhhhh." Kit said they're more active during mating season, when the males, consumed by manatee lust, gather around a female to show her what studs they are, and she picks out the most desirable one. "I don't know what they base that on," said Kit.

I have to agree, the males all looked equally desirable to me, although I'm sure that, when female manatees gossip among themselves, they single out certain males ("That Mr. Kite is HOT! Did you check out the size of his barnacle colony?"). But as far as I'm concerned, all of the manatees are beautiful. Smelly, but beautiful.

So if you're a recreational boater, please watch out for them. And if you're a nature-lover who would like to help them stick around for some more eons, you can contribute to the Manatee Project, Miami Museum of Science, 3280 South Miami Avenue, Miami, Florida, 33129, or Save the Manatee Club, Adopt-a-Manatee Program, 500 N. Maitland Avenue, Maitland, Florida, 32751. Please do not send pizza.

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**We are not talking about active, otter-like animals here.**

## A Champion of 'Dirt' Is Hanging Tough

By Mike Zwerin  
International Herald Tribune

NEW YORK — Between historic literary moves and close calls with bankruptcy courts, the most recent being last month, Barney Rosset moved to what he calls "the poor end of 9th Street."

Rosset and his Grove Press published what used to be called "dirty books" written by people like D.H. Lawrence, Henry Miller and William Burroughs for the first time in the United States. In the process, he separated "dirty books" from dirty minds by helping to redefine "dirty."

Now 75, still in the game, Rosset is reviving his legendary literary magazine, Evergreen Review, which published short fiction, plays, poems and essays by Brendan Behan, Alexander Troch, Robert Coover, Terry Southern, Ho Chi Minh, Boris Pasternak, Carlos Fuentes, Larry Rivers and Eugene Ionesco and so on into the unexplored wilds of eclecticism.

And this champion of the written word on a page is going electronic. Any week now, the Evergreen Review will be reborn on-line. He already has a Web site. The line doesn't know which end of 9th Street it's being plugged into.

Projects tend to beget projects with Rosset. He is also reviving the Evergreen Reader, a sort of "best of" spin-off. The Reader will be financed by what Rosset's flyers advertise as a "great art auction" in Greenwich Village on May 7. Painters donating works include Julian Twombly, Robert Longo and Jeff Koons. Music by David Amram's band.

He lives and works in an attractively decorated loft four flights up. Four flights is a long climb even for a spry and in-shape 75-year-old like Rosset. Behind the door, he was wearing the naughty grin that has outraged judges and infuriated prosecutors all over the country. Rosset took "Banned in Boston" to new dimensions.

He backs in the rogue role — continually reminding you how

good he was at it. As he told his story, it was punctuated with knee-pounding and hearty har-har's that led to rosy cheeks and tears of joy.

"When I started Grove Press in 1951, publishing 'Tropic of Cancer' was my immediate objective. I only started with 'Lady Chatterley's Lover' because it was more sedate. Lawrence was already acknowledged as one of the great writers of the 20th century. So I thought I'd lead with that and build up to 'Tropic of Cancer.'"

"The only problem was that Henry did not want it published. He was on a monthly stipend from Jay Laughlin, a member of the Jones and Laughlin steel family. Laughlin was a dilettante, but a nice one. Henry didn't want any trouble. He had his stipend. And he said that after all these university academics got it, then the book would become required reading and nobody would want to read it any more."

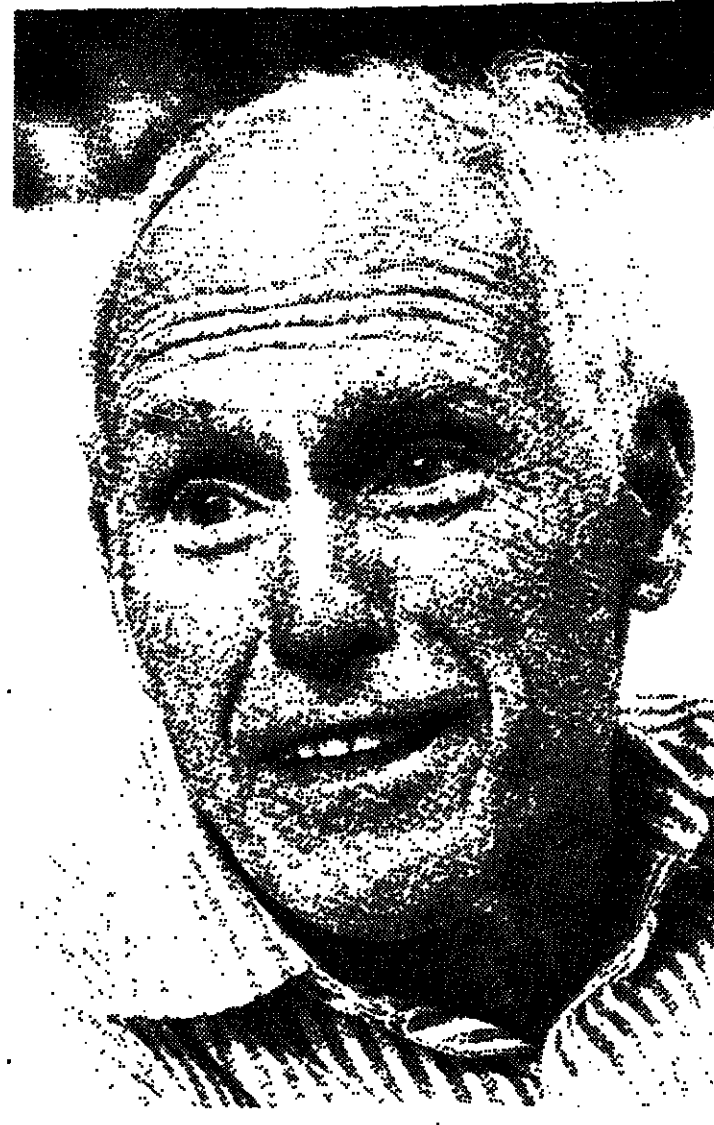
The book sold millions, the publishers were arrested and hundreds of lawsuits ate up profits until a federal judge finally ruled in their favor. Many people think there is more honesty in our society because of the Grove Press books that Rosset published. He is proud of the role he played in that process.

"It's hard to remember how puritanical America was," his friend the First Amendment lawyer Martin Garbus told the Philadelphia Inquirer. "Barney was fundamentally the guy who broke down censorship barriers in this country. He put up the money."

Rosset said, with a killer smile, "We had great trials. We changed the laws."

In 1985, he sold Grove to Ann and Gordon Getty. Rosset was supposed to stay on as president, but he was soon fired. He shrugged. "Our business guy told me: 'Oh, Barney, didn't you know when you signed the contract we were going to get rid of you as soon as possible?'"

And speaking of "great trials," Rosset thought he was only an observer last summer when a Las Vegas jury awarded a casino operator named Steve Wynn \$3.1 million in



Barney Rosset took "Banned in Boston" to new dimensions.

his libel case against Barricade Books. But Barricade was his distributor, so Rosset's books could not be moved from the warehouse. With no libel insurance, Barricade was forced into bankruptcy and Rosset followed.

Only last month, he was rescued by new investors. He has plans to publish new fiction by the Nobel Prize winner Kenzaburo Oe, and a

play by Samuel Beckett, with whom he used to play Ping-Pong.

Rosset, who is proud of being half Jewish and half Irish ("my mother and grandfather spoke Gaelic") and whose boyhood hero was John Dillinger, said, 9th Street-wise: "Nobody has figured out a way to make money from the Internet. So I have a nonprofit company. Of course I've had a lot of nonprofit

companies in the past, but those were unintentional. This will probably be the first one that will make money. And then the government will tell me: 'You can't do that.'"

"One thing I like about this new form of communication is that you can have an article about, say, the 1968 Democratic convention in Chicago like any magazine, but you can also listen to the kind of music they were playing at the time. We can go into new realms of discourse."

"I know, I know. They say there's still not enough memory for things like sound and visuals on the Internet, and it costs too much to put a magazine on-line. But that's all going to change fast. To get some idea of how fast, all you have to do is go to Bangkok and see all the poor people selling melons on the streets; and they all have cellular phones."

Speaking of the Far East, Rosset said that he had been a photographer with the U.S. Army in China during World War II. His situation was not unlike John Huston's in Italy. (He took a workshop on filmmaking from Huston.)

He said he was "so happy" to have "ended up" in Shanghai during the war. He had read Edgar Snow's "Red Star Over China" and "Man's Fate" by Andre Malraux when he was still in the eighth grade. "Few people remember that Grove sold something like 300,000 copies of 'Red Star Over China.' Random House had this policy that if a book did not sell more than 2,000 copies in a year they automatically dropped it. They let it go out of print. So I bought it from them. 'How?' I just asked them."

Then one day he was having lunch with Bennett Cerf, the founder of Random House, and Cerf told him he was happy with this new Edgar Snow book that they had:

"I said that I was happy too because it would help my book."

"Your book?" Cerf looked puzzled.

"Yes," Rosset replied. "Red Star Over China. I bought it. Didn't you know?"

## PEOPLE

THE actor Charlie Sheen is out about \$170,000 after the theft of rare baseball cards he had lent to the Official All Star Café in Times Square. Nothing else was taken from the sports-theme café, the New York police said. The cards, printed in the early 1900s, were stolen from a display case. Sheen's publicist said the actor was upset. "It's a sad day when artifacts that represent the essence of this country's heart and soul are removed from a public place of enjoyment," Jeff Ballard quoted Sheen as saying.

Barbra Streisand told Mirabella magazine that she wants to know "why the media hates me?" For instance, when she was doing research on schizophrenia for "Nuts" at a state hospital, someone asked her, "Are you as mean as they say?" "This kind of cynical press is going to be responsible for a decline in American civilization," she said. "It's like the fall of the Roman Empire."

In his first sportscasting gig, former

Secretary of State Henry Kissinger presented the Sports Legend award to the New York Yankees baseball great Joe DiMaggio. DiMaggio is the seventh retired athlete to be honored by the association. He joined Muhammad Ali, Kareem Abdul-Jabbar, Arthur Ashe, A.J. Foyt, John McEnroe and Joe Frazier. DiMaggio said he was sentimental about 75-year-old Yankee Stadium, which was temporarily closed recently after a 500-pound steel joint fell while the park was empty. "But I'm not sentimental when I think of that outfield. Five-hundred feet, that's how far we had to hit them to get a home run," he said.

Autumn Jackson, convicted of trying to extort \$40 million from Bill Cosby by claiming to be his out-of-wedlock daughter, has begun her prison term of 26 months. Jackson turned herself in at the Federal Correctional Institution in Dublin, California, and will remain there for 30 days before moving to a prison maternity program in San Francisco, where she is due to deliver twin boys in

late July. After the births, she will complete her sentence at Dublin.

Neil Simon is seeking a divorce from his wife, Diane Lander. The playwright cited irreconcilable differences in papers filed in Superior Court in Los Angeles and asked for joint custody of their 14-year-old daughter, Bryn. He has two older daughters. His first wife, Joan Baim, died, and his marriage to the actress Marsha Mason ended in divorce.

The filmmaker who made Jessi White a cult figure with his 1992 "Dancing Outlaw" documentary says he's thinking about doing another film on the mountain-dancing Elvis impersonator. "We might be producing something in the next couple of months," the director, Jacob Young, said. "It would be less of a documentary and more of a feature film." White gained cult status after the public television documentary chronicled his life as a poor Appalachian Elvis impersonator.



TWO ON A SONG — Soloists of the Kirov Opera performing at a gala at Lincoln Center in New York.

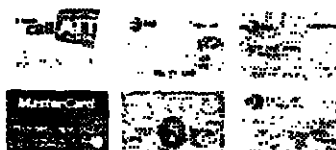


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